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ABSTRACT

This handbook has been prepared as a vehicle or mechanism for program cost accounting and as a guide to standard school accounting terminology for use in all types of local and intermediate education agencies. In addition to classification descriptions, program accounting definitions, and proration of cost procedures, some units of measure and implications for management-oriented systems are presented. The appendixes include a set of criteria for identifying equipment as distinguished from supplies, an alphabetical listing of equipment and supplies, a glossary, examples of financial reports, and an index. (Author/DN)

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State Educational Records and Reports Series: Handbook II, Revised

DHEW Publication No. (OE) 73-11800

# FINANCIAL ACCOUNTING
# Classifications and Standard Terminology for Local and State School Systems

1973

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# PREFACE

This handbook, *Financial Accounting: Classifications and Standard Terminology for Local and State School Systems,* replaces original Handbook II, published in 1957 as part of the State Educational Records and Reports Series. The revision has been cooperatively developed, as was the original, and is designed to serve the same users more effectively as a vehicle for accumulating data for management decisions concerning educational programs and students.

The first draft of the revision was prepared under contract in cooperation with and under the guidance of a national steering committee. The committee consisted of a representative from each of nine cosponsoring organizations: American Association of School Administrators, Council of Chief State School Officers, American Economic Association, Association for Educational Data Systems, American Institute of Certified Public Accountants, Research Division of the National Education Association, Department of Rural Education of the National Education Association, National Association of School Boards, and the Association of School Business Officials of the United States and Canada. A second contract was negotiated to conduct 10 regional review conferences and prepare additional drafts of the handbook. After having been reviewed by a representative of each of these sponsoring associations in each State of the regions of the U.S. Department of Health, Education, and Welfare, a second draft was prepared.

The second draft was sent to all State education agencies, to about 2,000 large local education agencies, to the National Steering Committee, and to selected consultants for extensive review and testing. Suggestions for modification and improvement were received from these tests and when feasible, incorporated into the final publication. A copy of the transmittal memorandum is included in appendix D.

Exploratory and developmental resources drawn upon for this handbook have been extensive. Included are the efforts of the national committee, interviews with many school finance officers in the States, and a special study made by persons representing academic research interests. The study, contracted by Notre Dame University, made recommendations concerning the structure and content of the handbook. Its recommendations were very useful.

The Center for the Study of Evaluation of Instructional Programs, University of California at Los Angeles, under financial arrangements with the U.S. Office of Education, conducted a conference on "Program Accounting for Public Schools" in 1968 to identify the common elements in program accounting and recommended those which should be included in the handbook.

The "Midwestern States Educational Information Project," funded from 1966 through 1970 by the Office of Education, was designed to develop an integrated information system for State education agencies. Products of the project include program specifications, a users' manual, and documentations for implementing the system. The financial accounts specified in that project are somewhat similar to those treated in this handbook.

Another project funded by the Office of Education from 1968 to 1971 was the development of a program, planning, budgeting, and evaluation conceptual design under the sponsorship of the Association of School Business Officials' Research Corporation. The developers have chosen to call the project the Educational Resources Management Design. The emphasis in this project is on the development of a goal-oriented system for evaluating educational programs. Coordination between this project and the Handbook II revision has been assured by liaison activities of selected staff members.

The recommendations of each of these conferences and the developments of the related projects had impact on the nature, scope, and content of this handbook. Almost all the suggestions have been incorporated.

Further acknowledgement of persons and organizations who have contributed to the revision of the handbook can be found in appendix C.

Handbook II is subject to updating and revision at short intervals because experience has shown that constant revision is not only desirable for management purposes, but is paramount in the interest of education for coming generations.

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# Chapter 1

# INTRODUCTION

Beginning with the nature and purpose of the handbook, the introduction includes the reasons for its revision, its place as one in a series, criteria for including items of information in the manual, how it conforms with accounting principles, how it enhances an information system, its significance for a planning, programing, budgeting, and evaluation system, its use for comparability, the sequential arrangement of its contents, and the various ways in which it may be used.

## PURPOSE OF THE HANDBOOK

This handbook is designed to serve as a vehicle or mechanism for program cost accounting at the local and intermediate levels and eventually when programs are identified and benefits can be measured, a full program, budeting, and evaluating system can then be operated. The original handbook answered the need for a cost-accounting system that satisfied the legal and stewardship requirements connected with handling public funds, but the classification structure prohibited the ability to accumulate costs of programs.

The developers of the first edition of Handbook II[1] foresaw that it would not endure indefinitely. They observed, "Handbook II will need to be revised from time to time to meet changing financial accounting needs. Through such action, its effectiveness may be maintained."[2] Those changing financial needs have come.

Factors responsible for these needs are numerous and complex. They grew out of concerns of certain publics about the cost and relevance of education, the enactment of legislation in response to recognized educational needs, and the resulting need for information to assist in planning and making decisions. Essentially, these factors gave rise to a need for more detailed information organized differently than it is in the original manual. Detailed data have meaning and value through systems which make possible combinations of data to produce many kinds of information.

New challenges and opportunities for the Nation's educational systems have caused researchers and educational decisionmakers to focus on new questions or at least look at old questions in different ways. The revised handbook makes it possible to organize data in a manner to permit the interrelating and combining of data elements that results in wide ranges of information. The goal of comparability is strengthened and achieved in the process.

### Handbook Series

This revised handbook takes its place in a handbook series developed and compiled cooperatively in the Educational Data Standards Branch of the Division of Intergovernmental Statistics, National Center for Educational Statistics. Other handbooks in the series are:

- Handbook I – *The Common Core of State Educational Information* – 1953
- Handbook II-B – *Principles of Public School Accounting* – 1967
- Handbook III – *Property Accounting for Local and State School Systems* – 1959
- Handbook IV – *Staff Accounting for Local and State School Systems* – 1965
- Handbook V – *Pupil Accounting for Local and State School Systems* – 1964
- Handbook VI – *Standard Terminology for Curriculum and Instruction in Local and State School Systems* – 1970

[1] Paul L. Reason and Alpheus L. White, *Financial Accounting for Local and State School Systems, Standard Receipt and Expenditure Accounts.* Washington: U.S. Government Printing Office, 1957. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook II, Bulletin 1957, No. 4, p. XVI.

[2] *Ibid.*, p. VIII.

Handbook VII – *The State Education Agency, Standard Terminology and a Guide for Recording and Reporting Information About State Education Agencies* – 1971

Two additional handbooks containing standard terminology for recording and reporting information are in the exploration stages at this time. One is concerned with the area of adult/continuing education and the other will define and classify terms to describe community characteristics.

## Criteria for Items of Information

Five basic criteria were used in determining items and classifications for inclusion in this handbook. These criteria are:

1. The items, accounts, and categories of information must provide the basic framework fundamental to a comprehensive system of educational program information.
2. The handbook strategy must serve all sizes and types of Local Educational Agencies.

NOTE: The term "Local Education Agency" is used throughout this handbook as synonymous with the terms school district, public school, intermediate education agency, and school system. It is used hereafter in its abbreviated form "LEA."

3. The categories of accounts must be both contractible and expandable, enabling all LEAs to to adapt to and support various planning, programming, budgeting, and evaluation systems.
4. Data elements must be additive into broad categories for purposes of reporting and comparing at the local, State, and Federal levels.
5. The handbook chart of accounts must conform to generally accepted governmental accounting principles.

## Conformance With Accounting Principles

This handbook is written to conform to the accounting principles described and illustrated in Handbook II-B which adhered "to most of the criteria used by a commercial enterprise in its accounting system.[3]

[3] Bert K. Adams, Quentin M. Hill, Joseph A. Perkins, Jr., and Philip S. Shaw, *Principles of Public School Accounting*, Washington: U.S. Government Printing Office 1967. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook II-B, p. 3.

In keeping with these principles described in Handbook II-B, but in no way indicating that LEAs must follow this procedure, balance sheet accounts and accrual based accounting, modified in some cases, are presented. They exhibit the LEA's resources and the extent to which they have been assigned, mortgaged, or extended.

Where comparatively large amounts of money are received and disbursed by a LEA, essential control of funds is enhanced through the use of balances prepared periodically for each established fund (such as the general fund, debt service fund, and capital projects fund). This handbook, at the outset, sets forth the most commonly used accounts to be included in a balance sheet. During the preparation of the manual there was recognition of the fact that many LEAs do not and probably will not use balance sheets. But the accounts have been included as a guide to those LEAs which do not follow the practice of preparing them, and for those which may wish to improve their control of funds by adopting balance sheet procedures. Their inclusion calls attention to their growing importance in providing both management information and financial accountability.

The use of the accrual basis in accounting for revenues and expenditures is recommended to the extent applicable. Revenues, partially offset by provisions for estimated losses, should be taken into consideration when earned, even though not received in cash. Expenditures should be recorded as soon as liabilities are incurred. The value of this manual is in no way reduced for those LEA's which, for any reason, continue their accounting on a cash basis.

## Implications for a Comprehensive System of Educational Information

In addition to having the data classifications arranged for fund accounting and fund reporting, the manual has as one of its components additional dimensions of classifications, not financial in nature and incorporated from other handbooks in the series, which provide not only a means of relating resources and processes with cost, but, which also contain the elements of a design for a comprehensive system of educational information. The financial record made when acquiring resources can be duplicated and filed under each dimension for future analysis manually or can contain a code for each dimension and be filed electronically. In each case, the initiating acquisition

request is used as the control for relating resources and processes with cost.

These classifications as they are defined and coded, do not constitute a system. Their items are grouped into mutually exclusive categories, sets, or dimensions. In system arrangements, some of the classifications are related in such manner as to become subclassifications of others. The procedure for filing and retrieving these dimensions becomes the system.

### Significance for Planning, Programing, Budgeting, and Evaluation Systems (PPBES)

The chart of accounts in this manual has been structured to enable planners to budget, program, and evaluate the resources, processes, and effectiveness of the various objectives of a LEA. The dimensions and mechanism of a PPBES are described. A dimension is provided for programs, and a program structure is inserted for illustrative purposes only. Programs in the context of PPBES may vary in different LEAs. Once designated, however, their costs can be identified and included in the evaluation process. This is discussed in detail in chapter 5.

### Comparability

General use of the classifications and definitions in this handbook will enhance comparability of recorded and reported information between LEAs and States.

## ORGANIZATION OF THE HANDBOOK

The purposes, organization, and uses of this handbook are described in this chapter. In chapter 2, classifications and definitions of funds and balance sheet accounts are presented. Chapter 3 includes a list of revenue accounts, defined; and chapter 4 is a presentation of expenditure classifications, items, and definitions.

Along with descriptions of the classifications and definitions for program accounting some units of measure and implications for management-oriented systems are described in chapter 5. Chapter 6 contains descriptions of procedures for proration of costs, including computation of indirect costs.

The appendixes include a set of criteria for identifying equipment as distinguished from supplies, an alphabetical list of equipment and supplies, a glossary, acknowledgments, a copy of the transmittal memorandum, examples of financial reports, and an index.

## HOW THE HANDBOOK MAY BE USED

This handbook has been cooperatively prepared as a guide to standard school finance terminology for use in all types of local and intermediate education agencies. The chart of accounts described in this manual is applicable in almost its entirety by Intermediate Education Agencies. Local revenue items will be used as applicable by an intermediate unit. Adherence to its terms and definitions by personnel at State and national levels is as important as it is in LEAs.

The manual may be applied in such manner, as State and local needs demand, probably through the use of State-prepared manuals based on this handbook. Many kinds of approaches may be used to achieve the goal of comparability of school finance information as long as the same terms and definitions are used. State laws and regulations are not to be superseded because of any item or other content of this manual.

The use of the classifications and definitions in this handbook by Federal program managers in designing information request documents would enhance the data gathering process substantially as well as hasten the standardization of financial accounting terminology. In similar manner, all auditors can promote comparability through reviews consistent with the handbook classifications and definitions. Utilization of the terms as defined in this handbook has potential for improving all communication regarding school finance whether in connection with legislation, regulations, or in strict accounting procedures.

This document has been developed by persons in and outside government, representing many professions, to benefit education and related enterprises. Within this concept, it should be useful not only to school officials in public education but to those in private schools as well as others in the educational community.

# Chapter 2

# BALANCE SHEET ACCOUNTS

School accounting is necessary for the purpose of providing complete and accurate financial information in such form as may be necessary to indicate fiscal accountability and to aid management decisionmaking. Before implementing this handbook, it is recommended that Handbook II-B, *Principles of Public School Accounting,* be studied.[1] Handbook II-B contains a detailed explanation of fundamental LEA accounting principles. School accounting is based upon the basic principle that a fund's assets are equal to the sum of its liabilities and the fund balance. (ASSETS = LIABILITIES + FUND BALANCE).

ASSETS and LIABILITIES are broad groupings of accounts that include what is owned (assets) and what is owed (liabilities). Thus the accounting ledgers contain such assets as CASH, TAXES RECEIVABLE, and ACCOUNTS RECEIVABLE and such liability accounts as ACCOUNTS PAYABLE and RETAINED PERCENTAGE PAYABLE. The most commonly used balance sheet accounts are identified and defined in this chapter although all of the accounts may not necessarily be used by each LEA.

## FUND ACCOUNTING

A LEA is created by law. Most laws dictate those monies which a LEA is permitted to receive and they expressly and/or implicitly state the purposes for which those monies may be used. The accounting system used by LEA should provide for legal compliance; that is, monies are received and spent according to law. For this reason, LEAs have evolved a means of indicating legal compliance by use of "fund accounting."

A fund is an independent accounting and fiscal set of accounts, which is required for specific activities or for attaining certain objectives. Separate funds are established to account for the financing of different specific activities of a LEA's operations. Recommended fund groups for LEA operation include:

- General Fund
- Special Revenue Fund
- Debt Service Fund
- Capital Projects Fund
- Food Service Fund
- Pupil Activity Fund
- Trust and Agency Funds

The use of balance sheet accounts is a significant departure from the method prescribed in the prior edition of Handbook II for recording nonrevenue receipts and the use of certain other accounts designated as clearing accounts. Reference is made to pages XVIII and XX and chapters 5 and 6 of Handbook II (1957 Edition).

An *account* is defined as a descriptive heading under which are recorded financial transactions that are similar in terms of a given frame of reference, such as purpose, object, or source. A group of accounts comprises a ledger. Similarly, a group of accounts consisting of all accounts required to describe the financial condition and results of a LEA operation comprise a general ledger. In this case such group of accounts would include *assets, liabilities, reserves, fund balances, revenues,* and *expenditures.* The first four of this group comprise balance sheet accounts and are discussed in this chapter. Revenue and expenditure accounts are discussed in succeeding chapters. In addition, two self-balancing groups of accounts called the General Fixed Assets and General Long-Term Debt are included. These fund and account groups are defined in chapter 4.

[1] Bert K. Adams, Quentin M. Hill, Joseph A. Perkins, Jr., and Philip S. Shaw, *Principles of Public School Accounting,* Washington: U.S. Government Printing Office, 1967. U.S. Department of Health, Education, and Welfare, Office of Education State Educational Records and Reports Series: Handbook II-B.

## BALANCE SHEET SUMMARY

A summary of the balance sheet accounts and the fund in which they are frequently found is illustrated in table 1. Account numbers are included as an indication of how these accounts may be coded. Within an individual LEA, account numbers should be assigned as appropriate. There are two major groupings: (1) ASSETS and (2) LIABILITIES, RESERVES, and FUND BALANCE. These major groups are classified by subheadings generally used in balance sheets and are arranged in the order in which they are usually presented. Separate balance sheets are prepared for each fund, and the same account may be found in more than one fund.

TABLE 1—*Balance Sheet Account Summary and Funds in Which These Accounts Are Frequently Found*

| BALANCE SHEET ACCOUNTS | Def. Page No. | FUNDS AND GROUPS OF ACCOUNTS: General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Food Service Fund | Pupil Activity Fund | Trust and Agency Funds | General Fixed Assets | General Long-Term Debt |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS & OTHER DEBITS** | | | | | | | | | | |
| **100 Current Assets** | 8 | | | | | | | | | |
| 101 Cash | 8 | X | X | X | X | X | X | X | | |
| 102 Petty Cash | 8 | X | | | | X | X | | | |
| 103 Cash Change Funds | 8 | | | | | X | X | | | |
| 104 Cash With Fiscal Agent | 8 | | | X | | | | | | |
| 110 Taxes Receivable | 8 | X | X | X | X | | | X | | |
| 111 Estimated Uncollectible Taxes (Credit) | 8 | X | X | X | X | | | X | | |
| 112 Tax Liens Receivable | 8 | X | X | X | X | | | X | | |
| 113 Estimated Uncollectible Tax Liens (Credit) | 9 | X | X | X | X | | | X | | |
| 120 Accounts Receivable | 9 | X | X | | X | X | X | | | |
| 121 Bond Proceeds Receivable | 9 | | | | X | | | | | |
| 122 Loans Receivable | 9 | X | | | | | | X | | |
| 130 Due From ___ Fund | 9 | X | X | X | X | X | X | X | | |
| 140 Due From ___ Govt. | 9 | X | X | X | X | X | X | X | | |
| 150 Advance to ___ Fund | 9 | X | | | | | | | | |
| 161 Taxes Levied for Other Governmental Units | 9 | | | | | | | X | | |
| 162 Interest Receivable on Investments | 9 | X | X | X | X | X | X | X | | |
| 163 Accrued Interest on Investments Purchased | 9 | X | X | X | X | X | X | X | | |
| 170 Inventory | 9 | X | | | X | X | X | | | |
| 171 Inventory of Stores for Resale | 9 | | | | | X | X | | | |
| 180 Investments | 9 | X | X | X | X | X | X | X | | |
| 181 Unamortized Premiums on Investments | 9 | | | X | X | | | | | |
| 182 Unamortized Discounts on Investments (Credit) | 9 | | | X | X | X | | X | | |
| 191 Deposits | 10 | X | | | X | X | X | | | |
| 192 Prepaid Expenses | 10 | X | X | | | X | X | | | |
| 193 Unamortized Discounts on Bonds Sold | 10 | | | X | | | | | | |
| **200 General Fixed Assets** | 10 | | | | | | | | | |
| 201 Land | 10 | | | | | | | | X | |
| 202 Buildings | 10 | | | | | | | | X | |

TABLE 1–*Balance Sheet Account Summary and Funds in Which These Accounts Are Frequently Found*–(Continued)

| BALANCE SHEET ACCOUNTS | Def. Page No. | FUNDS AND GROUPS OF ACCOUNTS: General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Food Service Fund | Pupil Activity Fund | Trust and Agency Funds | General Fixed Assets | General Long-Term Debt |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS & OTHER DEBITS (Continued)** | | | | | | | | | | |
| **200 General Fixed Assets (Continued)** | | | | | | | | | | |
| 203 Improvements Other Than Buildings | 10 | | | | | | | | X | |
| 204 Equipment | 10 | | | | | | | | X | |
| 205 Construction Work in Progress | 10 | | | | | | | | X | |
| **300 Budgeting Accounts and Other Debits** | 10 | | | | | | | | | |
| 301 Estimated Revenues | 10 | X | X | X | X | | | | | |
| 302 Revenues (Credit) | 10 | X | X | X | X | | | | | |
| 303 Bonds Authorized – Unissued | 10 | | | | X | | | | | |
| 304 Amount Available in Debt Service Funds | 11 | | | | | | | | | X |
| 305 Amount To Be Provided for Payment of Bonds | 11 | | | | | | | | | X |
| **LIABILITIES, RESERVES, AND FUND BALANCE** | 11 | | | | | | | | | |
| **400 Current Liabilities** | 11 | | | | | | | | | |
| 401 Vouchers Payable | 11 | X | X | X | X | X | X | X | | |
| 402 Accounts Payable | 11 | X | X | | X | X | X | | | |
| 403 Judgments Payable | 11 | X | X | X | X | X | X | | | |
| 404 Contracts Payable | 11 | X | X | | X | X | X | | | |
| 405 Construction Contracts Payable | 11 | | | | X | | | | | |
| 406 Construction Contracts Payable – Retained Percentage | 11 | | | | X | | | | | |
| 410 Due to____Fund | 11 | X | X | X | X | X | X | X | | |
| 420 Due to____Govt. | 11 | X | X | X | X | X | X | X | | |
| 430 Advance From ___Fund | 11 | X | X | X | X | X | X | X | | |
| 441 Matured Bonds Payable | 11 | | | X | | | | | | |
| 442 Matured Interest Payable | 11 | | | X | | | | | | |
| 450 Payroll Deductions and Withholdings | 12 | X | X | | X | X | X | X | | |
| 461 Accrued Expenses | 12 | X | X | | | X | X | | | |
| 471 Deposits Payable | 12 | X | X | | X | X | X | X | | |
| 472 Due to Fiscal Agent | 12 | | | X | | | | | | |
| 473 Unamortized Premiums on Bonds Sold | 12 | | | X | | | | | | |
| 474 Revenues Collected in Advance | 12 | X | X | X | X | | | | | |
| 475 Taxes Collected in Advance | 12 | X | | | | | | X | | |

| BALANCE SHEET ACCOUNTS | Def. Page No. | FUNDS AND GROUPS OF ACCOUNTS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Food Service Fund | Pupil Activity Fund | Trust and Agency Funds | General Fixed Assets | General Long-Term Debt |
| **500 Long-Term Liabilities** | 12 | | | | | | | | | X |
| 501 Bonds Payable | 12 | | | | | | | | | |
| **600 Budgeting Accounts and Other Credits** | 12 | | | | | | | | | |
| 601 Appropriations | 12 | X | X | X | X | X | X | | | |
| 602 Expenditures (Debit) | 12 | X | X | X | X | X | X | | | |
| 603 Encumbrances (Debit) | 12 | X | X | | X | X | X | | | |
| **700 Reserves & Fund Balance** | 12 | | | | | | | | | |
| 701 Reserve for Encumbrances | 12 | X | X | | X | X | X | | | |
| 702 Reserve for Inventory | 12 | X | | | | | | | | |
| 703 Reserve for____(Special Purposes) | 12 | X | X | X | X | X | X | X | | |
| 704 Fund Balance | 13 | X | X | X | X | X | X | X | | |
| 705 Investment in General Fixed Assets | 13 | | | | | | | | X | |

## DEFINITIONS OF BALANCE SHEET ACCOUNTS

### Assets and Other Debits

Assets and Other Debits include what is owned and other items not owned as of the date of the balance sheet but expected to become fully owned at some future date as well as other budgeting and offsetting accounts which normally have debit balances.

*Code Descriptor*

**100 Current Assets.** Cash or anything that can be readily converted into cash.

101 **Cash.** Currency, coin, checks, postal and express money orders, and bankers' drafts on hand, or on deposit, with an official or agent designated as custodian of cash and bank deposits.

102 **Petty Cash.** A sum of money set aside for the purpose of paying small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming.

102 **Cash Change Funds.** A sum of money set aside for the purpose of providing change.

104 **Cash With Fiscal Agent.** Deposits with fiscal agents, such as commercial banks, for the payment of matured bonds and interest.

110 **Taxes Receivable.** The uncollected portion of taxes which a LEA or governmental unit has levied and which has become due, including any interest or penalties which may be accrued. Separate accounts may be maintained on the basis of tax roll year and/or current and delinquent taxes.

111 **Estimated Uncollectible Taxes (Credit).** A provision for that portion of taxes receivable which it is estimated will not be collected. The account if shown on the balance sheet as a deduction form the 110 Taxes Receivable account in order to arrive at the net taxes receivable. Separate accounts may be maintained on the basis of tax roll year and/or delinquent taxes.

112 **Tax Liens Receivable.** Legal claims against property which have been exercised because of nonpayment of delinquent taxes, interest, and penalties. The account includes delinquent taxes, interest, and penalties receivable up to the date the lien becomes effective plus the cost of holding the sale.

## DEFINITIONS OF BALANCE SHEET ACCOUNTS (Continued)

**Current Assets (Continued)**

*Code Descriptor*

113 **Estimated Uncollectible Tax Liens (Credit).** That portion of tax liens receivable which it is estimated will never be collected. The account is shown as a deduction from the Tax Liens Receivable account on the balance sheet in order to arrive at the net amount of tax liens receivable.

120 **Accounts Receivable.** Amounts owing on open account from private persons, firms, or corporations for goods and services furnished by a LEA (but not including amounts due from other funds or from other governmental units). Although taxes receivable are covered by this term, they should be recorded and reported separately in the Taxes Receivable account.

121 **Bond Proceeds Receivable.** An account used to designate the amount receivable upon sale of bonds.

122 **Loans Receivable.** Amounts which have been loaned to persons or organizations, including notes taken as security for such loans, where permitted by statutory authority. The account is usually carried only in the Trust and Agency Funds balance sheet although it may also appear in the General Fund.

130 **Due From _____ Fund.** An asset account used to indicate amounts owed to a particular fund by another fund in the same LEA for goods sold or services rendered. It is recommended that separate accounts be maintained for each interfund receivable.

140 **Due From _____ Government.** Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that separate accounts be maintained for each interfund receivable.

150 **Advance to _____ Fund.** An asset account used to record a loan by one fund to another fund in the same governmental unit. It is recommended that separate accounts be maintained for each interfund receivable loan.

161 **Taxes Levied for Other Governmental Units.** An account carried in Trust and Agency Funds to designate taxes which have been levied by the reporting LEA as agent for other governmental units, and which are to be collected, held in trust, and disbursed to the proper unit. They consist of both current and delinquent taxes and may also include tax liens. No allowance for estimated uncollectible taxes is set up against these taxes because the LEA is usually liable only for the amount actually collected.

162 **Interest Receivable on Investments.** The amount of interest receivable on investments, exclusive of interest purchased. Interest purchased should be shown in a separate account.

163 **Accrued Interest on Investments Purchased.** Interest accrued on investments between the last interest payment date and date of purchase. The account is carried as an asset until the first interest payment date after date of purchase. At that time an entry is made debiting account 101—Cash, and crediting the Accrued Interest on Investments Purchased account for the amount of interest purchased and an Interest Earnings account for the balance.

170 **Inventory.** The cost of supplies and equipment on hand not yet distributed to requisitioning units.

171 **Inventory of Stores for Resale.** The value of goods held by a LEA for resale rather than for use in its own operations.

180 **Investments.** Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. The account does not include fixed assets used in LEA operations. Separate accounts for each category of investments may be maintained.

181 **Unamortized Premiums on Investments.** The excess of the amount paid for securities over the

face value which has not yet been amortized. Use of this account is normally restricted to long-term investments.

182 **Unamortized Discounts on Investments (Credit).** The excess of the face value of securities over the amount paid for them which has not yet been written off. Use of this account is normally restricted to long-term investments.

191 **Deposits.** Funds deposited by the LEA as a prerequisite to receiving services and/or goods.

192 **Prepaid Expenses.** Expenses entered in the accounts for benefits not yet received. Prepaid expenses differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operation. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold.

193 **Unamortized Discounts on Bonds Sold.** That portion of the excess of the face value of bonds over the amount received from their sale which remains to be written off periodically over the life of the bonds.

200 **General Fixed Assets.** Those assets which the LEA intends to hold or continue in use over a long period of time.

201 **Land.** A fixed asset account which reflects the acquisition value of land owned by a LEA. If land is purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition.

202 **Buildings.** A fixed asset account which reflects the acquisition value of permanent structures used to house persons and property owned by the LEA. If buildings are purchased or constructed, this account includes the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects their appraised value at time of acquisition.

203 **Improvements Other Than Buildings.** A fixed asset account which reflects the acquisition value of permanent improvements, other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If improvements are obtained by gift, it reflects the appraised value at time of acquisition.

204 **Equipment.** Tangible property of a more or less permanent nature, other than land, buildings, or improvements thereto, which is useful in carrying on operations. Examples are machinery, tools, trucks, cars, furniture, and furnishings.

205 **Construction Work in Progress.** The cost of construction work undertaken but not yet completed.

300 **Budgeting Accounts and Other Debits.** Include budgeted amounts related to expenditures and encumbrances as well as items which are offsetting accounts and which normally have debit balances.

301 **Estimated Revenues.** The amount of revenues estimated to be received or to become receivable during the fiscal period. At the end of the fiscal period, the account is closed out and does not appear in a balance sheet prepared at the close of the fiscal period.

302 **Revenues (Credit).** The increase in ownership equity during a designated period of time. The account appears only in a balance sheet prepared during the fiscal period. At the end of the fiscal period, the account is closed out and does not appear in a balance sheet prepared at the close of the fiscal period.

303 **Bonds Authorized—Unissued.** Bonds which the LEA can issue without further proceedings other

**DEFINITIONS OF BALANCE SHEET ACCOUNTS (Continued)**

**Budgeting Accounts and Other Debits (Continued)**

*Code Descriptor*

than to direct their sale. The account is included among the resources of the Capital Projects Fund offset by a credit to Appropriations. When the bonds are sold, the account would be credited and Cash debited. An alternative approach is not to show the Bonds Authorized—Unissued account in the balance sheet but merely to call attention to the amount of the bonds that have been authorized and not issued in a footnote to the appropriate balance sheet. In this case, the journal entry at the time bonds are sold would be a debit to Cash for the proceeds and a credit to the revenue account, Sales of Bonds.

304 **Amount Available in Debt Service Funds.** An account in the General Long-Term Debt Group of Accounts which designates the amount of assets available in a Debt Service Fund for the retirement of general obligation term bonds.

305 **Amount To Be Provided for Payment of Bonds.** An account in the General Long-Term Debt Group of Accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

## Liabilities, Reserves, and Fund Balance

Liabilities, Reserves, and Fund Balance are LEA debts plus items which are not debts but which may become debts at some future time, as well as other budgeting and offsetting accounts which normally have credit balances and show up only on trial balance sheets.

*Code Descriptor*

400 **Current Liabilities.** Those debts the LEA expects to pay within a short period of time, usually within a year or less.

401 **Vouchers Payable.** Liabilities for goods and services received as evidenced by vouchers which have been preaudited and approved for payment but which have not been paid.

402 **Accounts Payable.** Liabilities on open account owing to private persons, firms, or corporations for goods and services received by a LEA (but not including amounts due to other funds of the same LEA or to other governmental units).

403 **Judgments Payable.** Amounts due to be paid by a LEA as the result of court decisions, including condemnation awards in payment for private property taken for public use.

404 **Contracts Payable.** Amounts due on contracts for assets, goods, and services received by a LEA.

405 **Construction Contracts Payable.** Amounts due by a LEA on contracts for construction of buildings, structures, and other improvements.

406 **Construction Contracts Payable—Retained Percentage.** Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

410 **Due to_____Fund.** A liability account used to indicate amounts owed by a particular fund to another fund in the same LEA for goods and services rendered. It is recommended that separate accounts be maintained for each interfund payable.

420 **Due to_____Government.** Amounts owed by the reporting LEA to the named governmental unit. It is recommended that separate accounts be maintained for each interfund payable.

430 **Advance From_____Fund.** A liability account used to record a debt owed by one fund to another fund in the same governmental unit. It is recommended that separate accounts be maintained for each interfund loan.

441 **Matured Bonds Payable.** Bonds which have reached or passed their maturity date but which remain unpaid.

442 **Matured Interest Payable.** Interest on bonds which have reached the maturity date but which remains unpaid.

450 **Payroll Deductions and Witholdings.** Amounts deducted from employees salaries for withhold-

ing taxes and other purposes. A separate liability account may be used for each type of deduction.

461 **Accrued Expenses.** Expenses incurred during the current accounting period but which are not payable until a subsequent accounting period.

471 **Deposits Payable.** Liability for deposits received as a prerequisite to providing or receiving services and/or goods.

472 **Due to Fiscal Agent.** Amounts due to fisal agents, such as commercial banks, for servicing a LEA's maturing indebtedness.

473 **Unamortized Premiums on Bonds Sold.** An account which represents that portion of the excess of bond proceeds over par value and which remains to be amortized over the remaining life of such bonds.

474 **Revenues Collected in Advance.** A liability account which represents revenues collected before they become due.

475 **Taxes Collected In Advance.** A liability for taxes collected before the tax levy has been made or before the amount of taxpayer liability has been established.

**500 Long-Term Liabilities.** Debts which a LEA plans to hold for a long period of time.

501 **Bonds Payable.** The face value of bonds issued and outstanding.

**600 Budgeting Accounts and Other Credits.** These categories represent accounts which reflect budgeted amounts related to expenditures and encumbrances as well as offsetting accounts which normally have credit balances.

601 **Appropriations.** This account records authorizations granted by the legislative body to make expenditures and to incur obligations for specific purposes. This account appears in a balance sheet prepared during the fiscal period. At the end of the fiscal period, the Appropriations account is closed out and does not appear in the balance sheet prepared at the close of the fiscal period.

602 **Expenditures (Debit).** This account appears in balance sheets prepared during the fiscal period and designates the total of expenditures charged against appropriations during such period. The account is shown in each balance sheet as a deduction from the Appropriations account to arrive at the unexpected balance of total appropriations.

603 **Encumbrances (Debit).** This account designates obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. In an interim balance sheet, encumbrances are deducted along with the expenditures from the Appropriations account to arrive at the unencumbered balance of appropriations.

**700 Reserves and Fund Balance.** These are accounts which show the excess of the assets of a fund over its liabilities and those that have a portion of the balance reserved for future use.

701 **Reserve for Encumbrances.** A reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior year encumbrances.

702 **Reserve for Inventory.** A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of the reserve are tied up in inventories of supplies and inventories on hand and not issued to requesting units.

703 **Reserve for _____(Special Purposes).** A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of the reserve are tied up for the named special purpose. Separate accounts may be maintained for each special purpose reserve.

704 **Fund Balance.** The excess of the assets of a fund over its liabilities and reserves, except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period.

705 **Investment in General Fixed Assets.** An account in the General Fixed Assets Group of Accounts which represents the LEA's equity in general fixed assets. The balance of this account is subdivided according to the source of funds which financed the asset acquisition, such as General Fund Revenues, Special Revenue Fund Revenues, bond issues, and contributions.

## Chapter 3

# CLASSIFICATION OF REVENUES

Revenues are classified by type and source for the various funds of a LEA. Revenues are defined as additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of fund capital in Food Service and Pupil Activity funds.

The diverse nature of school district operations and the necessity of determining legal compliance preclude a single set of accounts for recording and summarizing all the financial transactions of a LEA. Instead, the required accounts are organized on the basis of funds; each of which is completely independent of any other. Each fund must be so accounted for that the identity of its resources, obligations, revenues, expenditures, and fund equities is continually maintained. These purposes are accomplished by providing a complete self-balancing set of accounts for each fund which shows its assets, liabilities, reserves, fund balances or retained earnings, revenues, and expenditures. The types of funds are listed and defined in the chapter on expenditures.

To illustrate the diverse nature of the financial transactions of a LEA, consider the four sources of revenue and the objects of expenditure. Revenues from intermediate, State, and Federal sources pose no great problems, as they are used *generally* for the current year's operation. In other words, fiscal year money is spent for the current fiscal year.

Revenue from local sources, on the other hand, is expended for two periods: the current year only and the current year plus future years (capital outlay). Local revenue comes from several different local sources, also. It is generated from taxes, fees from patrons (tuition and transportation), earnings on investments, services to other LEAs, sales from school enterprises (food and pupil activities), gifts, and interfund transactions. These interfund transactions result from (1) the sale of fixed assets, (2) the recovery of losses on insured property, (3) the return of prior year's expenditures, (4) the sale of bonds, and (5) transfers of money from one fund to another.

Each of these types of revenue increases the assets of a fund but does not necessarily increase the assets of the LEA. Revenue from other LEAs is revenue to the LEA but is not revenue to the State when the LEA reports revenue to the State. Revenue for the enterprise funds (food service and pupil activity) are revenues for the funds but are not necessarily revenues for the LEA. The enterprise funds exist only as businesses within the LEA, that is, they are accounting entities for activities which are not for profit but only to support the school activities.

Revenues resulting from the interfund transactions, even though they are revenues for funds, are not revenues for the LEA. The sale of fixed assets merely changes the form of an asset from fixed to cash. Recoveries from insurance adjustments are changes in the form of an asset from fixed to cash. The return of a prior year's expenditures is carried to the fund balance of the appropriate fund. Sales from bonds are transferred to the Capital Projects fund as revenue and the liability they incur is added to the Long-Term Debt group of accounts. A transfer of money from one fund to another is considered money collected by one fund as agent for another fund. It is revenue for the receiving fund only. (The interfund revenues are starred in the list of revenues.)

It is important to emphasize three points: (1) the listing of revenues in this chapter does not dictate procedures for reporting LEA income to State and Federal education agencies, (2) identification of LEA income data needed for reporting purposes will require special instructions, and (3) income generated from interfund transactions (listed above) is not income for a LEA and will require separate identification to assure appropriate reporting. Moreover, the definition of revenue has not changed and current revenue categories can be maintained.

Thus, just as it is essential to account for LEA operations by funds, it is essential to report revenues by funds in a combined statement for all funds rather than for the LEA as an entity. Financial reports to school boards and State agencies showing status of LEA revenues, expenditures, and balances are of four types: (1) combined balance sheet statement showing LEA assets, liabilities, and fund balances for all funds, (2) combined income statement showing revenues and expenditures for all funds, (3) changes in fund balances for all funds, and (4) changes in financial position for all funds. Full disclosure of financial transactions is made from these reports. Examples of these forms are shown in appendix E.

The types of revenue from each source, (1) local, (2) intermediate, (3) State, and (4) Federal are defined and listed below.

(1) Revenue from LOCAL sources is the amount of money produced within the boundaries of the LEA and available to the LEA for its use. Money collected in the same amount by another governmental unit as an agent of the LEA (less collection costs), is recorded as revenue from local sources. Shared revenue (revenue levied by another governmental unit, but shared in proportion to the amount collected within the LEA) is also recorded as revenue from local sources. Money transferred without having to be repaid, money received for the recovery of an expenditure, and proceeds from the sale of bonds are local revenue.

(2) Revenue from INTERMEDIATE sources is revenue from funds collected by an intermediate administrative unit, or a political subdivision between the LEA and the State, and distributed to LEAs in amounts that differ in proportion to those which were collected within such systems.

An illustration of revenue from intermediate sources is the case of a county which levies and collects a sales tax in the county, and distributes the money thus collected to the various LEAs on some flat grant or equalization-aid basis.

(3) Revenue from STATE sources is revenue from funds collected by the State and distributed to LEAs in amounts different proportionately from those which were collected within such LEAs.

(4) Revenue from FEDERAL sources is revenue from funds collected by the Federal Government and distributed to LEAs in amounts that differ in proportion from those which were collected within such LEAs. It is unimportant whether the funds are distributed directly to the LEA by the Federal Government or through some intervening agency such as the State. When a LEA does not have a method for determining the prorate share of Federal, State and other sources of revenue in a commingled grant, it is recommended that the distributing agency provide this information to the local or intermediate agency.

Within each source of revenue, individual items of revenue are classified into basic groupings of similar types of revenue such as TAXES, or similar purposes such as STUDENT ACTIVITIES. These group headings are not account titles; they are used only as a convenient means of identifying specific revenue accounts for reporting purposes.

## LISTING OF REVENUES

General types of revenue are summarized and grouped in table 2. The revenues listed in the table are defined in the next section.

TABLE 2—*Listing of Revenues*


| | | Def. Page No. |
|---|---|---|
| **1000** | **REVENUE FROM LOCAL SOURCES*** | 15 |
| **1100** | **Taxes** | 15 |
| 1110 | Ad Valorem Taxes Levied by LEA | 15 |
| 1120 | Ad Valorem Taxes Levied by Another Governmental Unit | 16 |
| 1130 | Sales and Use Taxes | 16 |
| 1140 | Income Taxes | 16 |
| 1180 | Other Taxes | 16 |
| 1190 | Penalties and Interest on Taxes | 16 |

TABLE 2–*Listing of Revenues (Continued)*


| | | Def. Page No. |
|---|---|---|
| **1000** | **REVENUE FROM LOCAL SOURCES (Continued)** | |
| **1200** | **Revenue From Local Governmental Units Other Than LEAs** | 16 |
| **1300** | **Tuition** | 16 |
| 1310 | Regular Day School Tuition | 16 |
| 1311 | Tuition From Pupils or Parents | 16 |
| 1312 | Tuition From Other LEAs Within the State | 16 |
| 1313 | Tuition From Other LEAs Outside the State | 16 |
| 1320 | Adult/Continuing Education Tuition | 16 |
| 1321 | Tuition From Pupils or Parents | 16 |
| 1322 | Tuition From Other LEAs Within the State | 16 |
| 1323 | Tuition From Other LEAs Outside the State | 17 |
| 1330 | Summer School Tuition | 17 |
| 1331 | Tuition From Pupils or Parents | 17 |
| 1332 | Tuition From Other LEAs Within the State | 17 |
| 1333 | Tuition From Other LEAs Outside the State | 17 |
| **1400** | **Transportation Fees** | 17 |
| 1410 | Regular Day School Transportation Fees | 17 |
| 1411 | Transportation Fees From Pupils or Parents | 17 |
| 1412 | Transportation Fees From Other LEAs Within the State | 17 |
| 1413 | Transportation Fees From Other LEAs Outside the State | 17 |
| 1420 | Summer School Transportation Fees | 17 |
| 1421 | Transportation Fees From Pupils or Parents | 17 |
| 1421 | Transportation Fees From Other LEAs Within the State | 17 |
| 1423 | Transportation Fees From Other LEAs Outside the State | 17 |
| **1500** | **Earnings on Investments** | 17 |
| 1510 | Interest on Investments | 17 |
| 1520 | Dividends on Investments | 17 |
| 1530 | Gain or Loss on Sale of Investments | 17 |
| **1600** | **Food Services** | 18 |
| 1610 | Sales to Pupils | 18 |
| 1620 | Sales to Adults | 18 |
| **1700** | **Pupil Activities** | 18 |
| 1710 | Admissions | 18 |
| 1720 | Bookstore Sales | 18 |
| 1730 | Pupil Organization Membership | 18 |
| 1790 | Other Pupil Activity Income | 18 |
| **1900** | **Other Revenue From Local Sources** | 18 |
| 1910 | Rentals | 18 |
| 1920 | Contributions and Donations From Private Sources | 18 |
| 1930 | *Sale and Loss of Fixed Assets | 18 |
| 1931 | Sale of Fixed Assets | 18 |
| 1932 | Compensation for Loss of Fixed Assets | 18 |
| 1940 | Services Provided Other LEAs | 19 |
| 1941 | LEAs Within the State | 19 |

| | | Def. Page No. |
|---|---|---|
| 1942 | LEAs Outside the State | 19 |
| 1950 | *Refund of Prior Year's Expenditures | 19 |
| 1960 | *Transfer From Other Funds | 19 |
| 1970 | *Sales of Bonds | 19 |
| 1980 | Premium on Bonds Sold | 19 |
| 1990 | Miscellaneous | 19 |
| **2000** | **REVENUE FROM INTERMEDIATE SOURCES** | 19 |
| **2100** | **Grants-In-Aid** | 19 |
| 2110 | Unrestricted Grants-In-Aid | 19 |
| 2120 | Restricted Grants-In-Aid | 19 |
| **2200** | **Revenue in Lieu of Taxes** | 20 |
| **2300** | **Revenue for/on Behalf of the LEA** | 20 |
| **3000** | **REVENUE FROM STATE SOURCES** | 20 |
| **3100** | **Grants-In-Aid** | 20 |
| 3110 | Unrestricted Grants-In-Aid | 20 |
| 3120 | Restricted Grants-In-Aid | 20 |
| **3200** | **Revenue in Lieu of Taxes** | 20 |
| **3300** | **Revenue for/on Behalf of the LEA** | 20 |
| **4000** | **REVENUE FROM FEDERAL SOURCES** | 20 |
| **4100** | **Grants-In-Aid** | 20 |
| 4110 | Unrestricted Grants-In-Aid Received Directly From Federal Government | 20 |
| 4120 | Unrestricted Grants-In-Aid Received From Federal Government Through the State | 21 |
| 4130 | Restricted Grants-In-Aid Received Directly From Federal Government | 21 |
| 4140 | Restricted Grants-In-Aid Received From Federal Government Through the State | 21 |
| **4200** | **Revenue in Lieu of Taxes** | 21 |
| **4300** | **Revenue for/on Behalf of the LEA** | 21 |


*Revenues with an asterisk are not revenues to a LEA.

## DEFINITIONS OF REVENUE ACCOUNTS

*Code* *Descriptor*

**1000 REVENUE FROM LOCAL SOURCES**

**1100 Taxes.** Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

**1110 Ad Valorem Taxes Levied by LEAs.** Taxes levied by a LEA on the assessed valuation of real and personal property located within the LEA which, within legal limits, is the final authority in determining the amount to be raised for school purposes. Separate accounts may be maintained for real property (1111) and for personal property (1112).

## DEFINITIONS OF REVENUE ACCOUNTS (Continued)

### Taxes (Continued)

*Code* *Descriptor*

1120 **Ad Valorem Taxes Levied by Another Government Unit.** Taxes levied for school purposes by a governmental unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after a LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount. Separate accounts may be maintained for real property and for personal property.

1130 **Sales and Use Taxes.** Taxes imposed upon the sale and consumption of goods and services. It can be imposed upon the sale and consumption either as a general tax on the retail price of all goods and/or services sold within the LEA jurisdiction with few or limited exemptions, or as a tax upon the sale or consumption of selected goods and services. Separate accounts may be maintained for general sales tax and for selective sales taxes.

1140 **Income Taxes.** Taxes measured by net income, that is by gross income less certain deductions permitted by law. These taxes can be levied on individuals, corporations, or unincorporated businesses where the income is taxed distinctively from individual income. Separate accounts may be maintained for individual, corporate, and unincorporated business income taxes.

1180 **Other Taxes.** Other forms of taxes levied within the LEA such as licenses and permits. Separate accounts may be maintained for each specific type of tax.

1190 **Penalties and Interest on Taxes.** Amounts collected as penalties for the payment of taxes after the due date or dates, and the interest charged on delinquent taxes from the due date to the date of actual payment. A separate account for penalties and interest on each type of tax may be maintained.

1200 **Revenue From Local Governmental Units Other Than LEAs.** Revenue from the appropriations of another local governmental unit. The LEA is not the final authority, within legal limits, in determining the amount of money to be received, and the money is raised by taxes or other means which are not earmarked for school purposes.

1300 **Tuition.** Money received from pupils, their parents, welfare agencies or other LEAs for education provided in the LEA. (All money received for tuition from any source is income for the LEA receiving it, but when tabulating total State income for tuition, items 1312, 1322, and 1332 are excluded. When tabulating total income from tuition at the Federal level, items 1311, 1321, 1331 are tabulated only.)

1310 **Regular Day School Tuition.** Money received as tuition for pupils attending the regular day schools in the LEA.

1311 *Tuition From Pupils or Parents.* Money received from pupils, parents, or welfare agencies as tuition in regular day schools.

1312 *Tuition From Other LEAs Within the State.* Money received for regular day schools tuition from other LEAs within the State.

1313 *Tuition From Other LEAs Outside the State.* Money received for regular day schools tuition from LEAs outside the State.

1320 **Adult/Continuing Education Tuition.** Money received as tuition for pupils attending adult/continuing education schools in the LEA.

1321 *Tuition From Pupils or Parents.* Money received from pupils, parents, or welfare agencies as tuition in adult/continuing education schools.

1322 *Tuition From Other LEAs Within the State.*

Money received for adult/continuing education schools tuition from other LEAs within the State.

1323 *Tuition From Other LEAs Outside the State.* Money received for adult/continuing education schools tuition from other LEAs outside the State.

1330 **Summer School Tuition.** Money received as tuition for pupils attending summer school.

1331 *Tuition From Pupils or Parents.* Money received from pupils, parents, or welfare agencies as tuition in summer school.

1332 *Tuition From Other LEAs Within the State.* Money received for summer school tuition from other LEAs within the State.

1333 *Tuition From Other LEAs Outside the State.* Money received for summer school tuition from LEAs outside the State.

1400 **Transportation Fees.** Money received for transporting pupils to and from school and school activities. (All money received for transportation from any source is income for the LEA receiving it, but when tabulating total State income for transportation, items 1412 and 1422 are excluded. When tabulating total income from transportation at the Federal level, items 1411 and 1421 are tabulated only.)

1410 **Regular Day School Transportation Fees.** Money received from Pupils, parents, welfare agencies, or other LEAs for transporting pupils to and from regular day schools.

1411 *Transportation Fees From Pupils or Parents.* Money received from pupils or parents to transport pupils to and from regular day schools.

1412 *Transportation Fees From Other LEAs Within the State.* Money received from LEAs within the State to transport pupils to and from regular day schools.

1413 *Transportation Fees From Other LEAs Outside the State.* Money received from LEAs outside the State to transport pupils to and from regular day schools.

1420 **Summer School Transportation Fees.** Money received from pupils, parents, welfare agencies, or other LEAs to transport pupils to and from summer school.

1421 *Transportation Fees From Pupils or Parents.* Money received from pupils or parents to transport pupils to and from summer school.

1422 *Transportation Fees From Other LEAs Within the State.* Money received from other LEAs within the State to transport pupils to and from summer school.

1423 *Transportation Fees From Other LEAs Outside the State.* Money received from other LEAs outside the State to transport pupils to and from summer school.

1500 **Earnings on Investments.** Money received as profit from holdings for savings or speculation.

1510 **Interest on Investments.** Interest received on temporary or permanent investments in U.S. Treasury bills, notes, bonds; savings accounts; time certificates of deposit; notes; mortgages; or other interest-bearing obligations.

1520 **Dividends on Investments.** Dividends received on stocks.

1530 **Gain or Loss on Sale of Investments.** Gains or losses realized from the sale of bonds or stocks. Gains represent the excess of the sales proceeds over cost or other basis at date of sale (cost less amortization of premium in the case of long-term bonds purchased at a premium over par value or cost plus amortization of discount on long-term bonds purchased at a discount under par value). Gains realized from sale of U.S. Treasury bills represent interest income and should be credited to account 1510.

## DEFINITIONS OF REVENUE ACCOUNTS (Continued)

**Earnings on Investments (Continued)**

*Code* *Descriptor*

Losses represent the excess of the cost or other basis at date of sale (as described above) over the sales proceeds.

**1600** **Food Service.** Money received for dispensing food to pupils and adults.

1610 **Sales to Pupils.** Money received from pupils for sale of food products and services. Better financial control and analysis and reporting for Federal and State reimbursements can be obtained for maintaining separate accounts by type of sale, such as type of lunch sales, milk program sales, and other sales. Use of this account is required for Federal reimbursement purposes.

1620 **Sales to Adults.** Money received from adults for sale of food products and services is recorded here. Regular meals or food products sold to staff can be segregated from special dinners and affairs for special purposes by maintaining separate accounts.

**1700** **Pupil Activities.** Money received from school-sponsored activities. Taxes associated with sale items which are required to be collected may be recorded as a liability, not as a revenue.

1710 **Admissions.** Money received from patrons of a school-sponsored activity such as a dance or a football game. Admissions may be recorded in separate accounts according to the type of activity.

1720 **Bookstore Sales.** Revenues of sales resulting from the operation of a bookstore. Bookstore sales can be part of the distributive education courses offered, pupil organization sponsored, or a school or system enterprise. Sales may be recorded in separate accounts according to the type of product sold.

1730 **Pupil Organization Membership.** Money received from pupils for membership in a school's pupil organization or club. Membership usually grants the pupil certain privileges such as the right to be admitted to dances or athletic contests without charge or at a reduced rate.

1790 **Other Pupil Activity Income.** Other income from pupil activities. Separate accounts may be maintained for such income as advertising income, concession income, guarantees, and club dues.

**1900** **Other Revenue From Local Sources.** Other income from local sources which is not classified above.

1910 **Rentals.** Money received from the rental of school property, real or personal. It does not include rental from real property held for income purposes; this revenue is recorded under account 1500, *Earnings on Investments.* Separate accounts may be maintained for real property, textbooks, equipment, lockers, towels, and other.

1920 **Contributions and Donations From Private Sources.** Money received from a philanthropic foundation, private individuals, or private organizations for which no repayment or special service to the contributor is expected. Separate accounts may be maintained for revenue unrestricted and revenue which is restricted as to use.

1930 **Sale and Loss of Fixed Assets.** Revenue from the sale of school property or realized from recoveries for loss of school property. Separate accounts may be maintained for various types of property, such as buildings, land, or equipment.

1931 *Sale of Fixed Assets.* Revenues from the sale of school property.

1932 *Compensation for Loss of Fixed Assets.* Revenues realized from recoveries for loss of school property.

1940 **Services Provided Other LEAs.** Revenue from services provided other LEAs, other than for tuition and transportation services. These services include data processing, purchasing, maintenance, cleaning, consulting, and guidance. Intermediate units will use this code in identifying revenue for services provided to LEAs.

1941 *LEAs Within the State.* Revenue from services to LEAs within the State.

1942 *LEAs Outside the State.* Revenue from services to LEAs outside the State.

1950 **Refund of Prior Year's Expenditures.** Money received in refund of an expenditure charged to a prior fiscal year's budget. A refund of an expenditure made in the same fiscal year's budget may be recorded in the appropriate expenditure account as a reduction of the expenditure.

1960 **Transfer From Other Funds.** Money received unconditionally from another fund without expectation of repayment. Such monies are revenues of the receiving fund, but not of the LEA as a whole. Separate accounts may be maintained for specific funds.

1970 **Sales of Bonds.** This account appears in the Capital Projects Fund and includes proceeds from the sales of bonds, except that if bonds are sold at a premium, only those proceeds representing the par value of the bonds constitute a revenue of the Capital Projects Fund. These proceeds are not revenue of the LEA as a whole.

1980 **Premium on Bonds Sold.** That portion of the sales price of bonds in excess of their par value. The premium represents an adjustment of the interest rate. In the absence of a legal requirement in this account, premium should be credited to the Debt Service Fund.

1990 **Miscellaneous.** Revenue received from fines, telephone coin box commissions, and any other revenue from local sources such as purchase discounts not covered by *Other Revenue From Local Sources* accounts.

## 2000 REVENUE FROM INTERMEDIATE SOURCES

2100 **Grants-In-Aid.** Grants-in-aid are contributions made by an intermediate unit to a LEA and are not related to specific revenue sources of the intermediate governmental unit; i.e., general sources, or if related to specific revenue sources of the intermediate governmental unit, are distributed on some flat grant or equalization basis.

2110 **Unrestricted Grants-in-Aid.** Revenue received as grants by the LEA which can be used for any legal purpose desired by the LEA without restriction. Separate accounts may be maintained for general source grants-in-aid which are not related to specific revenue sources of the intermediate governmental unit, and for those assigned to specific sources of revenue as appropriate.

2120 **Restricted Grants-in-Aid.** Revenues received as grants by the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it must be returned, usually, to the intermediate governmental unit. Separate accounts may be maintained for general source grants-in-aid which are not related to specific revenue sources of the intermediate governmental unit, and for those assigned to specific sources of revenue as appropriate.

2200 **Revenue in Lieu of Taxes.** Payments made out of general revenues by an intermediate governmental unit to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property or other tax base. It would include payments made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the intermediate governmental unit.

## DEFINITIONS OF REVENUE ACCOUNTS (Continued)

**Revenue From Intermediate Sources (Continued)**

*Code* *Descriptor*

**2300 Revenue for/on Behalf of the LEA.** Payments made by an intermediate governmental jurisdiction for the benefit of the LEA, or contributions of equipment or supplies. It includes the payment to a pension fund by the intermediate governmental unit on behalf of a LEA employee for services rendered to the LEA, and a contribution of fixed assets by an intermediate governmental unit to the LEA. Separate accounts should be maintained to identify the specific nature of the revenue item.

An offsetting charge would be made to the appropriate expenditure account as if the LEA had expended the funds itself.

**3000 REVENUE FROM STATE SOURCES**

**3100 Grants-in-Aid.** Grants-in-aid are contributions made from State funds to a LEA and are not related to specific revenue sources of the State; i.e., general source, or if related to specific revenue sources of the State, are distributed on some flat grant or equalization basis.

**3110 Unrestricted Grants-in-Aid.** Revenues received as grants by the LEA which can be used for any legal purpose desired by the LEA without restriction. Separate accounts may be maintained for general grants-in-aid which are not related to specific revenue sources of the State, and for those assigned to specific sources of revenue as appropriate.

**3120 Restricted Grants-in-Aid.** Revenues received as grants by the LEA which must be used for a categorical or specific purpose.

If such money is not completely used by the LEA, it must be returned, usually, to the State. Separate accounts may be maintained for general source grants-in-aid which are not related to specific revenue sources of the State, and for those assigned to specific sources of revenue as appropriate.

**3200 Revenue in Lieu of Taxes.** Payments made out of general revenues by a State to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to the taxation by the LEA on the same basis as privately owned property or other tax base. It would include payments made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the State.

**3300 Revenue for/on Behalf of the LEA.** Payment made by a State for the benefit of the LEA, or contributions of equipment or supplies. It includes the payment of a pension fund by the State on behalf of a LEA employee for services rendered to the LEA, and a contribution of fixed assets by a State unit to the LEA. Separate accounts may be maintained to identify the specific nature of the revenue item.

An offsetting charge would be made to the appropriate expenditure account as if the LEA had expended the funds itself.

**4000 REVENUE FROM FEDERAL SOURCES**

**4100 Grants-in-Aid.** Grants-in-aid are contributions made by the Federal Government to a LEA and are not related to specific revenue sources of the Federal Government; i.e., general, if related to specific revenue sources of the Federal Government, are distributed on some flat grant or equalization basis.

**4110 Unrestricted Grants-In-Aid Received Directly From Federal Government.** Revenues received directly from the Federal Government as grants by the LEA which can be used for any legal purpose desired by the LEA without restriction.

**4120 Unrestricted Grants-In-Aid Received From Federal Government Through the State.** Revenues received from the Federal Government through the State as grants which can be used

for any legal purpose desired by the LEA without restriction.

4130 **Restricted Grants-In-Aid Received Directly From Federal Government.** Revenues received directly from the Federal Government as grants by the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it usually is returned to the governmental unit.

4140 **Restricted Grants-In-Aid Received From Federal Government Through the State.** Revenues received from the Federal Government through the State as grants by the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it usually is returned to the governmental unit.

4200 **Revenue in Lieu of Taxes.** Payments made out of general revenues by the Federal Government unit to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property or other tax base. It would include payment made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the Federal Government unit.

4300 **Revenue for/on Behalf of the LEA.** Payments made by the Federal Government for the benefit of the LEA, or contributions of equipment or supplies. It includes a contribution of fixed assets by a Federal governmental unit to the LEA and foods donated by the Federal Government to the LEA. Separate accounts should be maintained to identify the specific nature of the revenue item.

An offsetting charge would be made to the appropriate expenditure account as if the LEA had expended the funds itself.

# Chapter 4

# CLASSIFICATION OF EXPENDITURES

The expanding budgeting demands on LEAs for more services in the nature of special programs for exceptional pupils require prudent budgetary control to efficiently utilize available resources. The purpose of classifying expenditures is to provide a basis for grouping the expenditures so that a meaningful analysis can be made. Expenditures are classified by function (why purchased), object (what purchased), organization unit and activity (for whom purchased), and fiscal year (when purchased).

The purposes and objects for which expenditures are made are categorized into types. These types are called *dimensions,* such as Fund, Fiscal Year, Instructional Organization, Function, and Object. These group headings are not account titles; they are used only as convenient means of grouping specific expenditures accounts for definition purposes. LEAs may also find, where they utilize the chart of accounts in an accounting system, that certain dimensions can be combined as the system is developed. For example, the *Activity Assignment* dimension, useful in identifying cost by staff activities, can be combined under an accounting system with the *Object* classification, Salaries. Similarly, depending upon the designed system, *Instructional Organization* and *Operational Unit* can be combined.

No single expenditure classification grouping (referred to in the Chart of Accounts as *dimension*) used alone would provide enough information for accountability and responsive management. Objects of expenditures such as salaries, purchased services, supplies, and materials will be meaningless unless they can be related directly to the service areas and responsibility units for which they were purchased. Thus, by relating a specific expenditure to *all* dimensions, more complete accountability is realized and more information is available to management.

Careful evaluation of the results of classification of expenditures proves it to be well worth the time and expense involved. By using requisition forms preprinted for each unit or program area and having additional descriptive information supplied by the person ordering the object, the purchasing officer for the LEA can file a copy of the form in each appropriate file for future analysis. These forms can then be consolidated on summary forms on a quarterly, semiannual, or annual basis as needed. The method provides maximum utilization of accounting information for planning, budgeting, accounting, evaluating, reporting, and analysis procedures.

The amount of detailed information needed is not the same for all LEAs. The extent to which the chart of accounts is implemented depends upon the degree of detail necessary to meet the needs of *all* users of the financial information of LEAs. The classification of expenditures listed in this handbook has been developed as a guide for collecting and recording the financial information of a LEA in order to satisfy statutory requirements, provide prudent stewardship of funds, and meet various management needs. In addition, the records system developed enables LEAs to summarize data in usable formats for State and Federal reports.

For a LEA to perform all its various management functions, it needs to utilize all the dimensions set forth in the following classification of expenditures. This classification has a built-in flexibility in that any account may have additional subaccounts based on the need for more detailed information, or accounts may be combined for less detailed information. Small LEAs may not need or desire to utilize all of the dimensions, either for economy or other reasons, but, any reduction in the number of accounts used should be made only after local, State, and Federal information needs have been reviewed.

## SUMMARY OF EXPENDITURE ACCOUNT DIMENSIONS

In table 3, related expenditure accounts and types of expenditures or dimensions are summarized. Following the table, definitions of dimensions and expenditure accounts are listed.

TABLE 3–*Summary of Expenditure Accounts*

(Utilize subcoding where appropriate)


| | | Def. Page No. |
|---|---|---|
| **A – FUND** | | 30 |
| 1 | General Fund | 30 |
| 2 | Special Revenue Fund | 30 |
| 3 | Debt Service Fund | 30 |
| 4 | Capital Project Fund | 30 |
| 5 | Food Service Fund | 30 |
| 6 | Pupil Activity Fund | 30 |
| 7 | Trust & Agency Funds | 30 |
| 8 | General Fixed Assets | 30 |
| 9 | General Long-Term Debt | 30 |
| **B – OBJECTS** | | 30 |
| **100** | **Salaries** | 31 |
| 110 | Regular Salaries | 31 |
| 120 | Temporary Salaries | 31 |
| 130 | Overtime Salaries | 31 |
| **200** | **Employee Benefits** | 31 |
| **300** | **Purchased Services** | 31 |
| 310 | Professional and Technical Services | 31 |
| 311 | Instruction Services | 31 |
| 312 | Instructional Programs Improvement Services | 31 |
| 313 | Pupil Services | 31 |
| 314 | Staff Services | 31 |
| 315 | Management Services | 31 |
| 316 | Data Processing Services | 31 |
| 317 | Statistical Services | 31 |
| 318 | Board of Education Services | 32 |
| 319 | Other Professional and Technical Services | 32 |
| 320 | Property Services | 32 |
| 321 | Public Utilities Services | 32 |
| 322 | Cleaning Services | 32 |
| 323 | Repairs and Maintenance Services | 32 |
| 324 | Property Insurance | 32 |
| 325 | Rentals | 32 |
| 329 | Other Property Services | 32 |
| 330 | Transportation Services | 32 |
| 331 | Pupil Transportation | 32 |
| 332 | Travel | 32 |
| 339 | Other Transportation Services | 32 |
| 340 | Communication | 32 |
| 350 | Advertising | 33 |
| 360 | Printing and Binding | 33 |
| 370 | Tuition | 33 |
| 390 | Other Purchased Services | 33 |
| **400** | **Supplies and Materials** | 33 |
| 410 | Supplies | 33 |
| 420 | Textbooks | 33 |

TABLE 3–*Summary of Expenditure Accounts (Continued)*


| | | Def. Page No. |
|---|---|---|
| **B – OBJECTS (Continued)** | | |
| 430 | Library Books | 33 |
| 440 | Periodicals | 33 |
| 450 | Warehouse Inventory Adjustment | 33 |
| 490 | Other Supplies and Materials | 33 |
| **500** | **Capital Outlay** | 33 |
| 510 | Land | 34 |
| 520 | Buildings | 34 |
| 530 | Improvements Other Than Buildings | 34 |
| 540 | Equipment | 34 |
| 550 | Vehicles | 34 |
| 560 | Library Books | 34 |
| 590 | Other Capital Outlay | 34 |
| **600** | **Other Objects** | 34 |
| 610 | Redemption of Principal | 34 |
| 620 | Interest | 34 |
| 630 | Housing Authority Obligations | 34 |
| 640 | Dues and Fees | 35 |
| 650 | Insurance and Judgments | 35 |
| 651 | Liability Insurance | 35 |
| 652 | Fidelity Bond Premiums | 35 |
| 653 | Judgments Against the LEA | 35 |
| 659 | Other Insurance and Judgments | 35 |
| 690 | Miscellaneous Objects | 35 |
| **700** | **Transfers** | 35 |
| 710 | Fund Modifications | 35 |
| 720 | Transits | 35 |
| 790 | Other Transfers | 35 |
| **C – FUNCTION** | | 35 |
| **1000** | **Instruction** | 36 |
| 1100 | Regular Programs | 37 |
| 1110 | Elementary Programs | 37 |
| 1120 | Middle/Junior High Programs | 37 |
| 1130 | High School Programs | 37 |
| 1131 | Preparatory, Postsecondary Education Programs | 37 |
| 1132 | Preparatory, Postsecondary Employment Programs | 37 |
| 1139 | Other High School Programs | 37 |
| 1190 | Other Regular Programs | 37 |
| 1200 | Special Programs | 37 |
| 1210 | Programs for Gifted and Talented | 37 |
| 1220 | Programs for Mentally Retarded | 37 |
| 1230 | Programs for Physically Handicapped | 37 |
| 1240 | Programs for Emotionally Disturbed | 38 |
| 1250 | Programs for Culturally Different | 38 |
| 1260 | Programs for Pupils With Learning Disabilities | 38 |

| | | Def. Page No. |
|---|---|---|
| 1290 | Other Special Programs | 38 |
| 1300 | Adult/Continuing Education Programs | 38 |
| 1310 | Adult Basic Education Programs | 38 |
| 1320 | Advanced Adult Education Programs | 38 |
| 1330 | Occupational Programs | 38 |
| 1340 | Upgrading in Current Occupation Programs | 38 |
| 1350 | Retraining for New Occupation Programs | 38 |
| 1360 | Special Interest Programs | 38 |
| 1370 | Life Enrichment Programs | 39 |
| 1390 | Other Adult/Continuing Education Programs | 39 |
| **2000** | **Supporting Services** | 39 |
| 2100 | Support Services–Pupils | 39 |
| 2110 | Attendance and Social Work Services | 39 |
| 2111 | Service Area Direction | 39 |
| 2112 | Attendance Services | 39 |
| 2113 | Social Work Services | 39 |
| 2114 | Pupil Accounting Services | 39 |
| 2119 | Other Attendance and Social Work Services | 39 |
| 2120 | Guidance Services | 39 |
| 2121 | Service Area Direction | 39 |
| 2122 | Counseling Services | 39 |
| 2123 | Appraisal Services | 39 |
| 2124 | Information Services | 40 |
| 2125 | Record Maintenance Services | 40 |
| 2126 | Placement Services | 40 |
| 2129 | Other Guidance Services | 40 |
| 2130 | Health Services | 40 |
| 2131 | Service Area Direction | 40 |
| 2132 | Medical Services | 40 |
| 2133 | Dental Services | 40 |
| 2134 | Nurse Services | 40 |
| 2139 | Other Health Services | 40 |
| 2140 | Psychological Services | 40 |
| 2141 | Service Area Direction | 40 |
| 2142 | Psychological Testing Services | 40 |
| 2143 | Psychological Counseling Services | 41 |
| 2144 | Psychotherapy Services | 41 |
| 2149 | Other Psychological Services | 41 |
| 2150 | Speech Pathology and Audiology Services | 41 |
| 2151 | Service Area Direction | 41 |
| 2152 | Speech Pathology Services | 41 |
| 2153 | Audiology Services | 41 |
| 2159 | Other Speech Pathology and Audiology Services | 41 |
| 2200 | Support Services–Instructional Staff | 41 |
| 2210 | Improvement of Instruction Services | 41 |
| 2211 | Service Area Direction | 41 |
| 2212 | Instruction and Curriculum Development Services | 41 |
| 2213 | Instructional Staff Training Services | 41 |
| 2219 | Other Improvement of Instruction Services | 41 |
| 2220 | Educational Media Services | 41 |
| 2221 | Service Area Direction | 42 |
| 2222 | School Library Services | 42 |
| 2223 | Audiovisual Services | 42 |
| 2224 | Educational Television Services | 42 |
| 2225 | Computer-Assisted Instruction Services | 42 |
| 2229 | Other Educational Media Services | 42 |

TABLE 3–*Summary of Expenditure Accounts (Continued)*

**C – FUNCTION (Continued)**


| | | Def. Page No. |
|---|---|---|
| 2300 | Support Services–General Administration | 42 |
| 2310 | Board of Education Services | 42 |
| 2311 | Service Area Direction | 42 |
| 2312 | Board Secretary Services | 42 |
| 2313 | Board Treasurer Services | 42 |
| 2314 | Election Services | 42 |
| 2315 | Legal Services | 42 |
| 2316 | Tax Assessment and Collection Services | 42 |
| 2317 | Audit Services | 42 |
| 2319 | Other Board of Education Services | 43 |
| 2320 | Executive Administration Services | 43 |
| 2321 | Office of the Superintendent Services | 43 |
| 2322 | Community Relations Services | 43 |
| 2323 | Staff Relations and Negotiations Services | 43 |
| 2324 | State and Federal Relations Services | 43 |
| 2329 | Other Executive Administration Services | 43 |
| 2400 | Support Services–School Administration | 43 |
| 2410 | Office of the Principal Services | 43 |
| 2490 | Other Support Services–School Administration | 43 |
| 2500 | Support Services–Business | 43 |
| 2510 | Direction of Business Support Services | 43 |
| 2520 | Fiscal Services | 43 |
| 2521 | Service Area Direction | 43 |
| 2522 | Budgeting Services | 44 |
| 2523 | Receiving and Disbursing Funds Services | 44 |
| 2524 | Payroll Services | 44 |
| 2525 | Financial Accounting Services | 44 |
| 2526 | Internal Auditing Services | 44 |
| 2527 | Property Accounting Services | 44 |
| 2529 | Other Fiscal Services | 44 |
| 2530 | Facilities Acquisition and Construction Services | 44 |
| 2531 | Service Area Direction | 44 |
| 2532 | Land Acquisition and Development Services | 44 |
| 2533 | Architecture and Engineering Service | 44 |
| 2534 | Educational Specifications Development Services | 44 |
| 2535 | Building Acquisition, Construction, and Improvements Services | 44 |
| 2539 | Other Facilities Acquisition, and Construction Services | 44 |
| 2540 | Operation and Maintenance of Plant Services | 45 |
| 2541 | Service Area Direction | 45 |
| 2542 | Care and Upkeep of Buildings Services | 45 |
| 2543 | Care and Upkeep of Grounds Services | 45 |
| 2544 | Care and Upkeep of Equipment Services | 45 |
| 2545 | Vehicle Servicing and Maintenance Services (other than buses) | 45 |
| 2546 | Security Services | 45 |
| 2549 | Other Operation and Maintenance of Plant Services | 45 |
| 2550 | Pupil Transportation Services | 45 |
| 2551 | Service Area Direction | 45 |
| 2552 | Vehicle Operation Service | 45 |
| 2553 | Monitoring Services | 45 |
| 2554 | Vehicle Servicing and Maintenance Services | 45 |
| 2559 | Other Pupil Transportation Services | 45 |
| 2560 | Food Services | 45 |
| 2561 | Service Area Direction | 46 |
| 2562 | Food Preparation and Dispensing Services | 46 |
| 2563 | Food Delivery Services | 46 |
| 2569 | Other Food Services | 46 |

| | | Def. Page No. |
|---|---|---|
| 2570 | Internal Services | 46 |
| 2571 | Service Area Direction | 46 |
| 2572 | Purchasing Services | 46 |
| 2573 | Warehousing and Distributing Services | 46 |
| 2574 | Printing, Publishing, and Duplicating Services | 46 |
| 2579 | Other Internal Services | 46 |
| 2590 | Other Support Services—Business | 46 |
| 2600 | Support Services—Central | 46 |
| 2610 | Direction of Central Support Services | 46 |
| 2620 | Planning, Research, Development, and Evaluation Service | 46 |
| 2621 | Service Area Direction | 46 |
| 2622 | Development Services | 47 |
| 2623 | Evaluation Services | 47 |
| 2624 | Planning Services | 47 |
| 2625 | Research Services | 47 |
| 2629 | Other Planning, Research, Development, and Evaluation Services | 47 |
| 2630 | Information Services | 47 |
| 2631 | Service Area Direction | 47 |
| 2632 | Internal Information Services | 47 |
| 2633 | Public Information Services | 47 |
| 2634 | Management Information Services | 47 |
| 2639 | Other Information Services | 47 |
| 2640 | Staff Services | 47 |
| 2641 | Service Area Direction | 47 |
| 2642 | Recruitment and Placement Services | 47 |
| 2643 | Staff Accounting Services | 47 |
| 2644 | Inservice Training Services (for noninstructional staff) | 47 |
| 2645 | Health Services | 47 |
| 2649 | Other Staff Services | 47 |
| 2650 | Statistical Services | 47 |
| 2651 | Service Area Direction | 48 |
| 2652 | Statistical Analysis Services | 48 |
| 2653 | Statistical Reporting Services | 48 |
| 2659 | Other Statistical Services | 48 |
| 2660 | Data Processing Services | 48 |
| 2661 | Service Area Direction | 48 |
| 2662 | Systems Analysis Services | 48 |
| 2663 | Programing Services | 48 |
| 2664 | Operations Services | 48 |
| 2669 | Other Data Processing Services | 48 |
| 2690 | Other Support Services—Central | 48 |
| 2900 | Other Supporting Services | 48 |
| **3000** | **Community Services** | 48 |
| 3100 | Direction of Community Services | 48 |
| 3200 | Community Recreation Services | 48 |
| 3300 | Civic Services | 48 |
| 3400 | Public Library Services | 49 |
| 3500 | Custody and Care of Children Services | 49 |
| 3600 | Welfare Activities Services | 49 |
| 3800 | Nonpublic School Pupils Services | 49 |
| 3900 | Other Community Services | 49 |
| **4000** | **Nonprogramed Charges** | 49 |
| 4100 | Payments to Other Governmental Units (within the State) | 49 |
| 4200 | Payments to Other Governmental Units (outside the State) | 49 |
| 4300 | Transfers of Funds | 49 |
| **5000** | **Debt Services** | 49 |

TABLE 3–*Summary of Expenditure Accounts (Continued)*

| | | Def. Page No. |
|---|---|---|
| **D – OPERATIONAL UNIT** (Example only) | | 49 |
| 001 | Friedley Elementary School | 50 |
| 501 | McLune Middle School | 50 |
| 701 | Jones High School | 50 |
| 751 | Chismore Vocational-Technical School | 50 |
| 781 | Curtis Junior College | 50 |
| 901 | Central Administrative Office | 50 |
| 911 | Main Warehouse | 50 |
| 921 | Main Bus Garage | 50 |
| **E – PROGRAM** (Example only) | | 50 |

(Function, Program, and Operational Unit merge into one array as cost centers in system development)

**1100 000 Regular Programs**

1110 000 Elementary Programs

1111 001 Program No. 1 – Friedley Elementary School
1112 001 Program No. 2 – Friedley Elementary School

X X X X X X
1111 121 Program No. 1 – Johnson Elementary School
1112 121 Program No. 2 – Johnson Elementary School

X X X X X X
1120 000 Middle/Junior High School Programs

1121 501 Program No. 1 – McLune Middle School
1122 501 Program No. 2 – McLune Middle School

X X X X X X
1121 535 Program No. 1 – Taft Junior High School
1122 535 Program No. 2 – Taft Junior High School
X X X X X X

1130 000 High School Programs
1131 701 Preparatory Postsecondary Education – Jones High School
1132 701 Preparatory Postsecondary Employment – Jones High School

1131 721 Preparatory Postsecondary Education – Martin Senior High School
1132 721 Preparatory Postsecondary Employment – Martin Senior High School

**1200 000 Special Programs**

1210 001 Program for the Gifted & Talented – Friedley Elem. School
1220 001 Program for the Mentally Retarded – Friedley Elem. School
1230 701 Program for the Physically Handicapped – Jones High School
X X X X X X

**1300 000 Adult/Continuing Education Programs**

1310 501 Adult Basic Education – McLune Middle School
1310 701 Adult Basic Education – Jones High School
1320 701 Advanced Adult Education – Jones High School
1370 721 Life Enrichment – Martin Senior High School

Def. Page No.

1350 801 Retraining for New Occupations – Lamar Skill Center
1341 901 Upgrading in Current Occupations (Accounting) – Central Administration Building
1342 921 Upgrading in Current Occupations (Mechanics) – Bus Garage
X X X X X X

F – SOURCE OF FUNDS . . . . . 51

0 Nonidentifiable . . . . . 51
1 Local . . . . . 51
2 Intermediate . . . . . 51
3 State . . . . . 51
4 Federal . . . . . 51
9 Other . . . . . 51

G – FISCAL YEAR . . . . . 51

0 FY 1969-70 . . . . . 51
1 FY 1970-71 . . . . . 51
2 FY 1971-72 . . . . . 51
3 FY 1972-73 . . . . . 51
4 FY 1973-74 . . . . . 51
5 FY 1974-75 . . . . . 51

H – INSTRUCTIONAL ORGANIZATION . . . . . 51

10 Elementary School . . . . . 51
20 Middle/Junior High School . . . . . 51
30 High School . . . . . 52
40 Adult/Continuing Education School . . . . . 52
50 Junior College . . . . . 52
90 Other School . . . . . 52

I – JOB CLASSIFICATION ACTIVITY . . . . . 52

100 Official/Administrative . . . . . 52
200 Professional–Educational . . . . . 53
300 Professional–Other . . . . . 54
400 Technical . . . . . 55
500 Office/Clerical . . . . . 56
600 Crafts and Trades . . . . . 57
700 Operative . . . . . 57
800 Laborer . . . . . 57
900 Service Work . . . . . 58

J – TERM . . . . . 58

1 Fall Term–Day . . . . . 58
2 Fall Term–Evening . . . . . 58
3 Winter Term–Day . . . . . 58
4 Winter Term–Evening . . . . . 58
5 Spring Term–Day . . . . . 58
6 Spring Term–Evening . . . . . 58
7 Summer Term–Day . . . . . 58
8 Summer Term–Evening . . . . . 58

K – SPECIAL COST CENTERS . . . . . 58

## DEFINITIONS OF DIMENSIONS AND ACCOUNTS

### A.—FUND

A *Fund* is an independent fiscal and accounting entity, preferably with a self-balancing set of accounts, with its own assets, liabilities, resources, and fund balances which are segregated for the purpose of carrying on specific activities of a LEA in accordance with special regulations, restrictions, or limitations. All money expended by a LEA is classified and defined in this dimension.

*Code Descriptor*

1 **General Fund.** A set of accounts used to show all ordinary operations of a LEA, generally all transactions which do not have to be accounted for in another fund.

2 **Special Revenue Fund.** Sets of accounts used to represent transactions of programs that are of a special nature. Sometimes called *designated purpose funds,* their uses and limitations are specified by the legal authority establishing the fund and, generally, the resources of this fund cannot be diverted to other uses. Programs that are designed for specific purposes, may be coded as sub-classifications of the Special Revenue Fund.

3 **Debt Service Fund.** Used to account for payment of interest and principal on all general obligation debt. It does not include money payable exclusively from special assessments or revenue debt issued for and serviced by a government enterprise.

4 **Capital Project Fund.** Used to account for all resources used for acquiring capital facilities including real property.

5 **Food Service Fund.** Used to record financial transactions related to food service operations.

6 **Pupil Activity Fund.** Used to record financial transactions related to school-sponsored pupil and interscholastic activities. These activities are supported, generally, by income from pupils, gate receipts, and other fund-raising activities. Support may be provided, however, by local taxation.

7 **Trust and Agency Funds.** Funds used to account for money and property held in trust by a LEA for individuals, government entities, or non-public organizations. A Trust Fund is usually in existence over a longer period of time than an Agency Fund. Primarily, Agency Funds are used as a clearing mechanism for cash resources collected by the LEA, held for a short period, and then disbursed to authorized recipients.

8 **General Fixed Assets.** A self-balancing group of accounts used to provide a record of fixed assets owned by the LEA. Fixed assets purchased under Lease-Purchase agreements are entered in this group after the last payment is made.

9 **General Long-Term Debt.** A self-balancing group of accounts used to record general obligation bonds supported by general revenues of a governmental unit. The proceeds of such debt may be spent for facilities which may be utilized in the operations of several funds.

### B.—OBJECTS

*Object* means the service or commodity obtained as the result of a specific expenditure. Seven major Object categories are identified and described in this handbook: (1) Salaries, (2) Employee Benefits, (3) Purchased Services, (4) Supplies and Materials, (5) Capital Outlay, (6) Other Objects, and (7) Transfers. These broad categories are subdivided to obtain more detailed information about objects of expenditures. A three-digit serial number is used which makes it possible to search out detailed information. Following are definitions of the major categories and subcategories.

*Code Descriptor*

100 **Salaries.** Amounts paid to employees of the LEA who are considered to be in positions of a permanent nature or hired temporarily, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while ON THE PAYROLL of the LEAs.

110 **Regular Salaries.** Full-time, part-time, and prorated portions of the costs for work performed by employees of the LEA who are considered to be in positions of a permanent nature.

120 **Temporary Salaries.** Full-time, part-time, and prorated portions of the costs for work performed by employees of the LEA who are hired on a temporary or substitute basis to perform work in positions of either temporary or permanent nature.

130 **Overtime Salaries.** Money paid to employees of the LEA in positions of either a temporary or permanent nature for work performed in addition to the normal work period for which the employee is compensated under Regular Salaries and Temporary Salaries above. The terms of such payment for overtime is a matter of State and local regulation and interpretation.

**200 Employee Benefits.** Amounts paid by the LEA in behalf of employees; these amounts are not included in the gross salary, but are over and above. Such payments are fringe benefit payments, and, while not paid directly to employees, nevertheless are part of the cost of salaries and benefits. Examples are: (a) Group Health or Life Insurance, (b) Contributions to Employee Retirement, (c) Social Security, (d) Workmen's Compensation, and (e) payments made to personnel on sabbatical leave.

**300 Purchased Services.** Amounts paid for personal services rendered by personnel who are not on the payroll of the LEA, and other services which the LEA may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

310 **Professional and Technical Services.** Services which by their nature can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists medical doctors, lawyers, consultants, teachers, accountants, etc.

311 *Instruction Services.* Nonpayroll services performed by qualified persons directly engaged in providing learning experiences for pupils. Included are the services of teachers, teaching assistants, and teacher aides and Performance Contract activities.

312 *Instructional Programs Improvement Services.* Services performed by persons qualified to assist teachers and supervisors enhance the quality of the teaching process. This category includes curriculum consultants, inservice training specialists, etc., not on the payroll.

313 *Pupil Services.* Nonpayroll services of qualified personnel to assist pupils and their parents in solving mental and physical problems to supplement the teaching process.

314 *Staff Services.* Services performed by qualified personnel to assist in employing and assigning staff. This category includes specialists in personnel counseling and guidance.

315 *Management Services.* Services performed by persons qualified to assist management either in the broad policy area or in the general operation of the LEA. This category includes consultants, individually or as a team, to assist the chief executive in conference or through systematic studies.

316 *Data Processing Services.* Services performed by persons, organizations, or another agency qualified to process data. This category includes those data processing services purchased from another agency or concern or specialists who are contracted to perform a specific task on a short time basis.

317 *Statistical Services.* Nonpayroll services performed by persons or an organization qualified to assist in handling statistics. This category includes special services for analysis, tabulations, or similar work.

318 *Board of Education Services.* Services performed by qualified persons to assist the governing body of the LEA in its particular activities. This category includes the specialized services of legal counsel, counseling the body in employing a chief executive officer, counsel on tax policy, etc.

**DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)**

**B.–OBJECTS (Continued)**

*Code Descriptor*

319 *Other Professional and Technical Services.* Services which are professional and technical in nature which have not been classified above.

320 **Property Services.** Services purchased to operate, repair, maintain, insure, and rent property owned and/or used by the LEA. These services are performed by persons other than LEA employees.

321 *Public Utility Services.* Expenditures for services usually provided by public utilities such as water, sewerage, electricity, gas, and garbage collection. This includes those same services whether the utility company is public or private. Costs for telephone and telegraph are not included here, but are included in Communication.

322 *Cleaning Services.* Services purchased to clean buildings other than those provided by LEA employees.

323 *Repairs and Maintenance Services.* Expenditures for repairs and maintenance services not provided directly by LEA personnel. This includes contracts and agreements covering the upkeep of grounds, buildings, and equipment. Costs for new construction, renovating, and remodeling are not included here, but are considered under Capital Outlay.

324 *Property Insurance.* Expenditures for insurance on any type property owned or leased by the LEA.

325 *Rentals.* Expenditures for leasing or renting land, buildings, and equipment for both temporary and long range use of the LEA. This includes bus and other vehicle rental when operated by LEA personnel, lease or data processing equipment, lease-purchase arrangements, and similar rental agreements. Costs for single agreements covering equipment as well as operators are not included here, but are considered elsewhere under Purchased Services (see Transportation, Printing and Binding, Public Utility Services, Servicing and Maintenance Services).

329 *Other Property Services.* Property Services purchased which are not classified above.

330 **Transportation Services.** Expenditures for transporting children to school and official travel of LEA employees.

331 *Pupil Transportation.* Expenditures to persons or agencies for the purpose of transporting children to school. These include those expenditures to individuals who transport themselves or to parents who transport their own children who transport themselves for reimbursement of transportation expenses. Expenditures for the rental of buses which are operated by personnel on the LEA payroll are not recorded here; they are recorded under Purchased Services–Rentals.

332 *Travel.* Costs for transportation, meals, hotel, and other expenses associated with traveling on business for the LEA. Payments for *Per Diem* in lieu of reimbursements for subsistence (room and board) also are charged here.

339 *Other Transportation Services.* Transportation services other than those classified above.

340 **Communication.** Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and telegraph services as well as postage machine rental and postage.

350 **Advertising.** Expenditures for printed announcements in professional periodicals and newspapers or announcements broadcast by radio and television networks. These expenditures include advertising for such purposes as personnel recruitment, bond sales, used equipment sales, and other objects. Costs for professional fees for advertising or public relation services are not recorded here but are charged to Professional Services.

360 **Printing and Binding.** Expenditures for job printing and binding usually according to specifications of the LEA. This includes the design and printing of forms and posters as well as printing and binding of LEA publications. Preprinted standard forms are not charged here, but are recorded under Supplies and Materials.

370 **Tuition.** Expenditures to reimburse other educational agencies for services rendered to students residing in the legal boundaries described for the paying LEA.

390 **Other Purchased Services.** Expenditures for all other purchased services not included above.

400 **Supplies and Materials.** Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated by use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Reference is made to Appendix A for the criteria for distinguishing between a supply and an equipment item and for a detailed list of supply and equipment items.

It should be noted that a more thorough classification of expenditures will be achieved by identifying the Object with the Area of Responsibility; i.e., the type of supplies, such as audiovisual supplies or classroom teaching supplies. Should greater detail be desired the expenditure classification may include program area: mathematics supplies.

For evaluation of a particular supply object, supplies can be broken down into subdivisions such as food and other supplies in the Food Service program. To determine the merit of prepared food versus raw food, two further breakdowns could be used." (1) food prepared for serving and (2) unprepared food.

410 **Supplies.** Expenditures for *all* supplies for the operation of a LEA, including freight and cartage. Included are coal, wood, and oil used for heating purposes. If such supplies are handled for resale to pupils, only the net cost of supplies is recorded here.

420 **Textbooks.** Expenditures for prescribed books which are purchased for pupils or groups of pupils, and resold or furnished free to them. This category includes the costs of workbooks, textbook binding or repairs, as well as the net amount of textbooks which are purchased to be resold or rented.

430 **Library Books.** Expenditures for regular or incidental purchases of library books available for general use by students, including any reference books, even though such reference books may be used solely in the classroom. Also recorded here are costs of binding or other repairs to school library books. The initial purchase of books for a new school library or any material accessions involving an expansion of the library are recorded under Capital Outlay as 560.

440 **Periodicals.** Expenditures for periodicals and newspapers for general use by the school library. A periodical is any publication appearing at regular intervals of less than a year and continuing for an indefinite period.

450 **Warehouse Inventory Adjustment.** Expenditures which are the result of a deficit usually found in an audit or count of items held in a store or warehouse inventory. Expenditures for the purchase of these items are generally debited to an Asset account, Inventory of Supplies, and are charged to the proper appropriation as they are requisitioned. Only a loss should be charged to this account. If the physical inventory reflects an overage in items, the excess is debited to the Asset account, Inventory and Supplies.

490 **Other Supplies and Materials.** Expenditures for all other supplies and materials not included above.

500 **Capital Outlay.** Expenditures for the acquisition of fixed assets or additions to fixed assets. They are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

## DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)

### B.–OBJECTS (Continued)

*Code Descriptor*

In the original Handbook II, Capital Outlay was treated primarily as a Service Area, or function, rather than an object. Hence, it was important to differentiate between Capital Outlay and Maintenance of Plant.

In this version, Capital Outlay is an object, or what is purchased. Using the multidimensional coding structure, Capital Outlay may be related to all Functions, Service Areas, Areas of Responsibility, and Program Areas should it be desirable.

For clarification of Maintenance Costs and Improvement Costs see Service Areas, Operation and Maintenance of Plant, and Facilities Acquisition and Construction.

510 **Land.** Expenditures for the purchase of land.

520 **Buildings.** Expenditures for acquiring buildings and additions, either existing or to be constructed. Included are expenditures for installment or lease payments (except interest) which have a terminal date and result in the acquisition of buildings, except payments to public school-housing authorities or similar agencies. Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings are included also.

530 **Improvements Other Than Buildings.** Expenditures for the initial and additional improvement of sites and adjacent ways after acquisition by the LEA consisting of such work as grading, landscaping, seeding, and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains; installing hydrants; initial surfacing and soil treatment of athletic fields and tennis courts; furnishing and installing for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; and demolition work. Special assessments against the LEA for capital improvements such as streets, curbs, and drains are also recorded here.

540 **Equipment.** Expenditures for the initial, additional, and *replacement* items of equipment, such as furniture and machinery. In order to differentiate between initial or additional equipment purchases and replacement equipment purchase it is recommended that subaccounts be established with those titles. See appendix A for a detailed list of supply and equipment items.

550 **Vehicles.** Expenditures for the purchase of conveyances to transport persons or objects.

560 **Library Books.** Expenditures for books wh ich constitute the initial furnishing of a newly constructed building. These include books outside the library if they are capitalized and any appreciable accession involving an expansion of the library.

590 **Other Capital Outlay.** Expenditures for all other Capital Outlay not classified above.

600 **Other Objects.** Amounts paid for goods and services not otherwise classified above. This includes expenditures for the retirement of debt, the payment of interest on debt, payments to a housing authority, and the payment of dues and fees.

610 **Redemption of Principal.** Expenditures which are from current funds to retire serial bonds, long-term loans of more than 5 years, and short-term loans of less than 5 years.

620 **Interest.** Expenditures from current funds for interest on serial bonds, lease with option to buy, long-term loans of more than 5 years, and short-term loans of less than 5 years.

630 **Housing Authority Obligations.** A public school-housing authority is a public corporation or quasi-public corporation having power to per-

form one or more of the following functions: issue authority bonds for public school purposes, construct public school buildings, lease public school buildings to local public school administrative units, or transfer title to such units. All expenditures of this nature are classified in this category.

640 **Dues and Fees.** Expenditures or assessments for membership in professional or other organizations or associations or payments to a paying agent for services rendered.

650 **Insurance and Judgments.** Insurance to protect school board members and their employees against loss due to accident or neglect.

651 *Liability Insurance.* Expenditures for insurance coverage of the LEA, or its officers, against losses resulting from judgments awarded against the LEA, except pupil transportation insurance. Also recorded here are any expenditures (not judgments) made in lieu of liability insurance. Payments of judgments awarded against the LEA and not covered by insurance are recorded under 653, Judgments Against the LEA. Pupil transportation insurance is charged to Function 2550, Pupil Transportation Services.

652 *Fidelity Bond Premiums.* Expenditures for bonds guaranteeing the LEA against losses resulting from the actions of the treasurer, employees, or other persons of the LEA. Also recorded here are any expenditures (not judgments) made in lieu of fidelity bonds.

653 *Judgments Against the LEA.* Expenditures from current funds for all judgments (except as indicated) against the LEA that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the LEA resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due.

659 *Other Insurance and Judgements.* Payments for insurance and judgements not classified elsewhere.

690 **Miscellaneous Objects.** Amounts paid for all other expenses not classified above.

700 **Transfers.** This object category does not represent a purchase; rather, it is used as an accounting entity to show that funds have been handled without having goods and services rendered in return. Included here are transactions for interchanging money from one fund to the other and for transmitting flow-through funds to the recipient (person or agency).

710 **Fund Modifications.** This category represents transactions of conveying money from one fund to another. Generally this takes the form of payments from the General Fund to some other and should be so recorded. They are not recorded as expenditures.

720 **Transits.** This category represents transactions which are transit or flow-through means to convey money to the recipient (person or agency). This includes transactions which place grants-in-aid, special grants (stipends), and tuition and transportation for other LEA use, in the hands of the user.

790 **Other Transfers.** This category is to be used for those transfer transactions which cannot be identified in the above classification.

## C.–FUNCTION

Function means the action a person takes or the purpose for which a thing exists or is used. Function includes the activities or actions which are performed to accomplish the objectives of an enterprise. The activities of a LEA are classified into five broad areas or functions; Instruction, Supporting Services, Community Services, Nonprogramed Charges and Debt Services. Functions are further broken down into Subfunctions and Service Areas which are subsequently subdivided into Areas of Responsibility.

Each of these program levels consists of activities which have somewhat the same general operational objectives. Furthermore, categories of activities comprising each of these divisions and subdivisions are grouped according to the principle that the activities can be combined, compared, related and be mutually exclusive. For example, subfunctions under the func-

## C.–FUNCTIONS (Continued)

tion of *Instruction* include Regular Programs, Special Programs, and Adult/Continuing Programs. Service Areas, under the subfunction, ***Regular Programs,*** include Elementary Programs, Middle/Junior High Programs, and High School Programs.

It is not the purpose of this handbook to dictate an organizational structure; i.e., how the administrative functions are organized. It does, however, identify and define the elements (Area of Responsibility) which can be arranged into any organizational structure according to needs, philosophy, and tradition of each individual LEA. For comparability and compatibility of information it is essential that certain principles be followed in the arrangement of the structure. These principles are described below.

**Principles of Cost Identification**

1. Elements of *cost* which can be easily identified with a specific activity are considered Direct Expenses (costs) for that activity. Costs not readily identifiable with any specific activity are considered Indirect Expenses for that activity.
2. In the same manner, costs easily identified with a program or Area of Responsibility are considered Direct Expenses (costs) for that program. Costs incurred for several different programs or costs not readily identifiable with any specific program are considered Indirect Expenses for that program.
3. All those activities associated with teacher-pupil interactions are considered to be Instruction and are Direct Services; all other activities are considered Indirect Services of Instruction. Direct Expenses (costs) of Direct Services (Instruction) are recorded under Instruction and Direct Expenses for Indirect Services to "Instruction" are recorded under Supporting Services or Community Services *or* transactions as applicable.
4. Direct costs of a program may or may not be recorded under Instruction. The determining factor is whether or not the program is part of or associated with the instructional process; i.e., the staff involved are teaching pupils. If the program is associated with Instruction the Direct Expenses are recorded under the program, and then, under Instruction. If, however, the program is not directly associated with Instruction (School Lunch Program), Direct Expenses are recorded under that program–School Lunch–and Supporting Services; and Indirect Expenses are reported under Supporting Services.
5. Each function under Instruction or Area of Responsibility under Supporting Services can be a separate center for accumulating costs. This indicates that objects of expenditures are made for each Area of Responsibility. For example, the object Salaries would be made for all functional activities in each Area of Responsibility.
6. Services or goods provided a LEA by other agencies or persons at no cost to the LEA are not treated as receipts, as such. They are sizeable in some LEAs and a fair market value should be entered into another noncash memorandum system to get at the total cost of education. Examples of the goods and services are: supplies donated by the Parents-Teachers Association, or teachers themselves; donated services of both professional and nonprofessional people (student teachers, parents who have teaching certificates); parents who monitor the playground or lunchroom; donated repairs of equipment or building; and supplies and/or equipment donated by service clubs or individuals. The receipt account to be used is 1920 (contributions and donations from private sources) under Definitions of Revenue accounts, but object and function accounts in the *noncash* memorandum system should be the same as if they were cash transactions. These values can be distributed to programs just as if they were cash transactions.

| *Code* | *Descriptor* |
|---|---|
| **1000** | **INSTRUCTION.** Activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or assistants of any type |

(clerk, graders, teaching machines, etc.) which assist in the instructional process.

1100 **Regular Programs.** Instructional activities designed primarily to prepare pupils for activities as citizens, family members, and workers, as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps. Regular Programs include Elementary; Middle/Junior High; and High School. High School is broken into two types of programs—Preparatory, Postsecondary Education Program and Preparatory, Postsecondary Employment Program.

1110 **Elementary Programs.** Learning experiences concerned with knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by all pupils in terms of their awareness of life within our culture and the world of work and which normally may be achieved during the elementary school years.

1120 **Middle/Junior High Programs.** Learning experiences concerned with knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by all pupils in terms of understanding themselves and their relationships with society and various career clusters, and which normally may be achieved during the middle and/or junior high school years. These are defined by applicable State laws and regulations.

1130 **High School Programs.** Learning experiences concerned with knowledge, skills, appreciations, atttitudes, and behavioral characteristics considered to be needed by all pupils in terms of understanding themselves and their relationships with society and the various occupations and/or professions which normally may be achieved in the high school years.

1131 *Preparatory, Postsecondary Education Programs.* Learning experiences concerned with knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by those pupils desiring further education in postsecondary education programs and which normally may be achieved during the secondary school years.

1132 *Preparatory, Postsecondary Employment Programs.* Learning experiences concerned with knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by those pupils desiring immediate postsecondary employment which normally may be achieved during the secondary school years.

1139 *Other High School Programs.* Any High School Program other than those above.

1190 **Other Regular Programs.** Any Regular Program other than those above.

1200 **Special Programs.** Instructional activities designed primarily to deal with pupil having special needs. The Special Program Service Area includes Preprimary, Elementary, and Secondary services for the (1) Gifted and Talented; (2) Mentally Retarded; (3) Physically Handicapped; (4) Emotionally Disturbed; (5) Culturally Different; (6) Pupils with Learning Disabilities; and (7) Special Programs for other types of pupils.

1210 **Programs for the Gifted and Talented.** Special learning experiences for pupils identified as being mentally gifted or talented in areas such as the following: General Academic, Fine Arts, and Vocational and Technical.

1220 **Programs for the Mentally Retarded.** Special learning experiences for pupils identified as being mentally retarded, according to the degree of retardation. Children in this category are classified educationally as educable mentally retarded, trainable mentally retarded, and severely mentally retarded.

1230 **Programs for the Physically Handicapped.** Special learning experiences for pupils identified as having one or more physical handicaps; e.g., blindness, deafness, speech impairment, and lameness.

**DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)**

**C.–FUNCTION (Continued)**

*Code* *Descriptor*

1240 **Programs for the Emotionally Disturbed.** Special learning experiences for pupils identified as having emotional problems that require special services.

1250 **Programs for the Culturally Different.** Special learning experiences for pupils whose background is so different from that of most pupils that they need additional educational opportunities beyond those provided in the usual school program if they are to be educated to the level of their ability. Certain types of these programs are referred to as Bilingual Education, Migrant Education, and Compensatory Education programs.

1260 **Programs for Pupils With Learning Disabilities.** Special learning experiences for pupils identified as having deficiencies in one or more aspects of the cognitive process and as being underachievers in relation to the general level of their overall abilities.

1290 **Other Special Programs.** Other special learning experiences for dropouts, migrants, delinquents, and others which cannot be classified in the preceding service areas.

1300 **Adult/Continuing Education Programs.** Learning experiences designed to develop knowledge and skills to meet immediate and long range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning; prepare students for a postsecondary career; prepare students for postsecondary education programs; upgrade occupational competence; prepare students for a new or different career; develop skills and appreciations for special interests; or to enrich the aesthetic qualities of life.

1310 **Adult Basic Education Programs.** Learning experiences concerned with the fundamental tools of learning for adults who have never attended school, or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education, to increase self confidence and/or self-determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.

1320 **Advanced Adult Education Programs.** Learning experiences designed to develop the knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities and are preparing for postsecondary careers and/or postsecondary education programs.

1330 **Occupational Programs.** Learning experiences concerned with the skills and knowledge required to prepare learners for immediate employment in an occupation or cluster of occupations. (This type of program is the same as that for secondary or junior college students but differs in that adults are the students served.)

1340 **Upgrading in Current Occupation Programs.** Learning experiences concerned with skills and knowledge designed primarily to extend or update workers' competencies for occupations in which they are directly employed.

1350 **Retraining for New Occupation Programs.** Learning experiences concerned with the skills and knowledge required for preparation for employment in a new and different occupation.

1360 **Special Interest Programs.** Learning experiences concerned with skills and knowledge required to prepare adults for a subordinate occupation in addition to their vocation. Such programs also may be called avocational programs.

1370 **Life Enrichment Programs.** Learning experi-

ences concerned with skills and knowledge designed primarily for enjoyment, without regard to a vocation.

1390 **Other Adult/Continuing Education Programs.** Other adult/continuing education programs which cannot be classified above.

**2000 Supporting Services.** Supporting services are those services which provide administrative, technical, personal (such as guidance and health), and logistical support to facilitate and enhance Instruction and, to a lesser degree, Community Services. Supporting Services exist to sustain and enhance Instruction, rather than as entities within themselves.

**2100 Support Services—Pupils.** Those activities which are designed to assess and improve the well-being of pupils and to supplement the teaching process.

2110 **Attendance and Social Work Services.** Those activities which are designed to improve pupil attendance at school and which attempt to prevent or solve pupil problems involving the home, the school, and the community.

2111 *Service Area Direction.* Activities associated with directing and managing Attendance and Social Work Services.

2112 *Attendance Services.* Activities such as prompt identification of patterns of nonattendance, promotion of positive attitudes toward attendance, analysis of causes of nonattendance, early action on problems of nonattendance, and enforcement of compulsory attendance laws.

2113 *Social Work Services.* Activities such as investigating and diagnosing pupil problems arising out of the home, school, or community; casework and group work services for pupils and parents; interpreting the problems of pupils for other staff members; and promoting change in the circumstances surrounding the individual pupil which are related to his problem insofar as effectively as the resources of the family, school, and community can be brought to bear upon the problem.

2114 *Pupil Accounting Services.* Activities of acquiring and maintaining records of school attendance, location of home, family characteristics, and other census data. Portions of these records become part of the cumulative record which is sorted for teacher and guidance information.

2119 *Other Attendance and Social Work Services.* Attendance and Social Work Services other than those described above.

2120 **Guidance Services.** Those activities of counseling pupils and parents, providing consultation with other staff members on learning problems, assisting pupils in personal and social development, assessing the abilities of pupils, assisting pupils as they make their own educational and career plans and choices, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils.

2121 *Service Area Direction.* Activities associated with directing and managing Guidance Services.

2122 *Counseling Services.* Activities concerned with the relationship between pupils and pupils, counselors and pupils as counsellees, and relationships between counselors and other staff members and parents all for the purpose of assisting pupils to understand their educational, personal, and occupational strengths and limitations; relate their abilities, emotions, and aptitudes to educational and career opportunities; utilize their abilities in formulating realistic plans; and achieve satisfying personal and social development.

2123 *Appraisal Services.* Activities having as their purpose an assessment of pupil characteristics, which are used in administration, instruction, and guidance, and which assist the pupil in assessing his purposes and progress in personality and career development. Test records and materials used for pupil appraisal are usually included in each pupil's commulative record.

2124 *Information Services.* Activities organized for

**C.—FUNCTION (Continued)**

*Code* *Descriptor*

the dissemination of educational, occupational, and personal-social information to help acquaint pupils with the curriculum and with educational and vocational opportunities and requirements.

2125 *Records Maintenance Services.* Activities organized for the compilation, maintenance, and interpretation of cumulative records of individual pupils, including systematic consideration of such factors as: Home and Family Background, Physical and Medical Status, Standardized Test Results, Personal and Social Development, and School Performance.

2126 *Placement Services.* Activities organized (1) to help place pupils in appropriate educational situations and/or in appropriate part-time employment while they are in school, and in appropriate educational and occupational situations after they leave school, and (2) to help pupils in making the transition from one educational or occupational experience to another. This may include, for example, admissions counseling, referral services, assistance with records, and followup communications with employers.

2129 *Other Guidance Services.* Other guidance services which cannot be classified above.

2130 **Health Services.** Physical and mental health services which are not direct instruction. Included are activities that provide pupils with appropriate medical, dental, and nurse services.

2131 *Service Area Direction.* Activities associated with directing and managing Health Services.

2132 *Medical Services.* Activities concerned with the physical and mental health of pupils, such as health appraisal, including screening for vision, communicable diseases, and hearing deficiencies; screening for psychiatric services; periodic health examinations; emergency injury and illness care; and communications with parents and medical officials.

2133 *Dental Services.* Those activities associated with dental screening, dental care, and orthodontic activities.

2134 *Nurse Services.* Those nursing activities which are not instruction, such as health inspection, treatment of minor injuries, and referrals for other health services.

2139 *Other Health Services.* Other Health Services not classified above.

2140 **Psychological Services.** Activities concerned with administering psychological tests and interpreting the results, gathering and interpreting information about pupil behavior, working with other staff members in planning school programs to meet the special needs of pupils as indicated by psychological tests, and behavioral evaluation and planning and managing a program of psychological services, including psychological counseling for pupils, staff, and parents.

2141 *Service Area Direction.* Activities associated with directing and managing the Psychological Services.

2142 *Psychological Testing Services.* Activities concerned with administering psychological tests, standardized tests and inventory assessments of ability, aptitude, achievement, interests and personality and the interpretation of these measures for pupils, school personnel, and parents.

2143 *Psychological Counseling Services.* Activities which take place between a school psychologist or counselor, and one or more pupils as counselees and their parents in which the pupils are helped to perceive, clarify, solve, and resolve problems of adjustment and interpersonal relationships.

2144 *Psychotherapy Services.* Activities which provide a therapeutic relationship—between a qualified mental health professional and one or more pupils—in which the pupils are helped to perceive, clarify, solve, and resolve emotional problems or disorders.

2149 *Other Psychological Services.* Other activities associated with Psychological Services not classified above.

2150 **Speech Pathology and Audiology Services.** Activities which have as their purpose the identification, assessment, and treatment of pupils with impairments in speech, hearing, and language.

2151 *Service Area Direction.* Activities associated with directing and managing Speech Pathology and Audiology Services.

2152 *Speech Pathology Services.* Activities organized for the identification of pupils with speech and language disorders; diagnosis and appraisal of specific speech and language disorders; referral for medical or other professional attention necessary to the habilitation of speech and language disorders; provision of required speech habilitation services; and counseling and guidance of children, parents, and teachers, as appropriate.

2153 *Audiology Services.* Activities organized for the identification of children with hearing loss; determination of the range, nature, and degree of hearing function; referral for medical or other professional attention as appropriate to the habilitation of hearing; language habilitation; auditory training, speech reading (lipreading), and speech conservation as necessary; creation and administration of programs of hearing conservation; and counseling and guidance of children, parents, and teachers as appropriate.

2159 *Other Speech Pathology and Audiology Services.* Other activities associated with Speech Pathology and Audiology Services not classified above.

2200 **Support Services—Instructional Staff.** Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

2210 **Improvement of Instruction Services.** Those activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for pupils. These activities include curriculum development, techniques of instruction, child development and understanding, staff training, etc.

2211 *Service Area Direction.* Activities associated with directing and managing the Improvement of Instruction Services.

2212 *Instruction and Curriculum Development Services.* Activities designed to aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate pupils.

2213 *Instructional Staff Training Services.* Activities designed to contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the LEA or school. Among these activities are workshops, demonstrations, school visits, courses for college credit, sabbatical leaves, and travel leaves.

2219 *Other Improvement of Instruction Services.* Activities for improving instruction other than those classified above.

2220 **Educational Media Services.** Activities concerned with the use of all teaching and learning resources, including hardware, and content materials. Educational media are defined as any device, content material, method, or experience used for teaching and learning purposes. These include printed and nonprinted sensory materials.

2221 *Service Area Direction.* Activities concerned with directing and managing Educational Media Services.

C.–FUNCTION (Continued)

*Code* *Descriptor*

2222 *School Library Services.* Activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning the use of the library by teachers and other members of the instructional staff; and guiding instructional staff members in the use of library books and materials, whether maintained separately or as a part of an instructional materials center. Included here are activities for planning the use of the library by pupils and instructing pupils in the use of library books and materials, whether maintained separately or as a part of an instructional materials center or related work-study areas.

2223 *Audiovisual Services.* Activities such as selecting, preparing, caring for, and making available to members of the instructional staff the equipment, films, filmstrips, transparencies, tapes, TV programs, and other similar materials, whether maintained separately or as a part of an instructional materials center. Included are activites in the audiovisual center, TV studio, and related work-study areas, and the services provided by audiovisual personnel.

2224 *Educational Television Services.* Activities concerned with planning, programing, writing, and presenting educational programs or segments of programs by way of closed-circuit or broadcast television.

2225 *Computer-Assisted Instruction Services.* Activities concerned with planning, programming, writing, and presenting educational projects which have been especially programed for a computer which is to be used as the principal medium of instruction.

2229 *Other Educational Media Services.* Educational Media Services other than those classified above.

2300 **Support Services–General Administration.** Activities concerned with establishing and administering policy in connection with operating the LEA.

2310 **Board of Education Services.** Activities of the elected or appointed body which has been created according to State law and vested with responsibilities for educational planning and policy making for a governmental entity, usually designated as a LEA. These bodies are sometimes called school boards, governing boards of directors, school committees, and school trustees. This Service Area includes State boards, intermediate administrative unit boards, and local administrative unit boards.

2311 *Service Area Direction.* Activities concerned with directing and managing the general operation of the board of education. This includes the activities of an executive of the board of education, such as an executive secretary, but does not include any special activities defined in the other Areas of Responsibility described below.

2312 *Board Secretary Services.* Activities pertaining to the duties of the secretary (not executive) of the board of education.

2313 *Board Treasurer Services.* Activities pertaining to the duties of treasurer of the Board of Education.

2314 *Election Services.* Activities pertaining to services rendered in connection with any LEA election, including elections of officers, bond elections, and budget and appropriation elections.

2315 *Legal Services.* Activities pertaining to counseling services provided to the board of education in regard to laws and statutes.

2316 *Tax Assessment and Collection Services.* Activities pertaining to services rendered in connection with tax assessment and collection.

2317 *Audit Services.* Activities pertaining to inde-

pendent audit services provided to the board of education.

2319 *Other Board of Education Services.* Other services which cannot be classified under the preceding Areas of Responsibility.

2320 **Executive Administration Services.** Activities associated with the overall general administrative or executive responsibility for the entire LEA.

2321 *Office of the Superintendent Services.* Activities performed by the superintendent and such assistants as deputy, associate, and assistant superintendents, in the general direction and management of all affairs of the LEA. This program area includes all personnel and materials in the office of the chief executive officer.

Activities of the office of the deputy superintendent and associate or assistant superintendents should be entered here unless the activities can be placed properly into a Service Area. In this case, they would be charged to *Service Area Direction* in that Service Area. When two or more Service Areas are directed by the same individual, the services of that individual's office are charged to Office of the Superintendent Services or prorated between the Service Areas concerned.

2322 *Community Relations Services.* Activities and programs developed and operated systemwide for betterment of school/community relations.

2323 *Staff Relations and Negotiations Services.* Activities concerned with staff relations systemwide and the responsibilities for contractual negotiations with both instructional and noninstructional personnel.

2324 *State and Federal Relations Services.* Activities concerned with developing and maintaining good relationships with State and Federal officials.

2329 *Other Executive Administration Services.* Other general administrative services which cannot be recorded under the preceding Areas of Responsibility.

2400 **Support Services–School Administration.** Activities concerned with overall administrative responsibility for a *single* school or a group of schools.

2410 **Office of the Principal Services.** Activities concerned with directing and managing the operation of a particular school or schools. Included are the activities performed by the principal, assistant principals, and other assistants in general supervision of all operations of the school; evaluation of the staff members of the school; assignment of duties to staff members; supervision and maintenance of the school records; and coordination of school instructional activities with instructional activities of the LEA. Clerical staff for these activities are included.

2490 **Other Support Services–School Administration.** Other school administration services which cannot be recorded under the preceding Areas of Responsibility.

2500 **Support Services–Business.** Activities concerned with purchasing, paying, transporting, exchanging, and maintaining goods and services for the LEA. Included are the fiscal, acquisition of facilities, operation and maintenance, and internal services for operating all schools.

2510 **Direction of Business Support Services.** Activities concerned with directing and managing the business support services as a group.

2520 **Fiscal Services.** Activities concerned with the fiscal operations of the LEA. This program area includes budgeting, receiving and disbursing, financial accounting, payroll, inventory control, and internal auditing.

2521 *Service Area Direction.* Activities of directing and managing fiscal services which includes the activities of the assistant superintendent, director, or business manager in directing and

## DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)

### C.–FUNCTION (Continued)

*Code* *Descriptor*

managing fiscal activities including debt management (see 2321, Office of the Superintendent Services, for further clarification).

2522 *Budgeting Services.* Activities concerned with supervising budget planning, formulation, control, and analysis.

2523 *Receiving and Disbursing Funds Services.* Activities concerned with taking in money and paying it out which include the current audit of receipts and the preaudit of requisitions or purchase orders to determine whether the amounts are within the budgetary allowances, and whether such disbursements are lawful school or LEA expenditures.

2524 *Payroll Services.* Activities concerned with making periodic payments to individuals entitled to remuneration for services rendered. Payments are also made for such payroll-associated costs as Federal income tax withholding, retirement, and social security.

2525 *Financial Accounting Services.* Activities concerned with maintaining records of the financial operations and transactions of the LEA which include such activities as accounting and interpreting financial transactions and account records.

2526 *Internal Auditing Services.* Activities concerned with verifying the account records which include evaluating the adequacy of the internal control system, verifying and safeguarding assets, reviewing the reliability of the accounting and reporting systems, and ascertaining compliance with established polices and procedures.

2527 *Property Accounting Services.* Activities concerned with preparing and maintaining current inventory records of land, buildings, and movable equipment. These records are to be used in equipment control and facilities planning.

2529 *Other Fiscal Services.* Fiscal services which cannot be classified under the preceding Areas of Responsibility.

2530 **Facilities Acquisition and Construction Services.** Activities concerned with the acquisition of land and buildings; the remodeling and construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites. Costs of these items are charged here.

2531 *Service Area Direction.* Activities pertaining to directing and managing Facilities Acquisition and Construction Services.

2532 *Land Acquisition and Development Services.* Activities pertaining to the initial acquisition of sites and improvements thereon.

2533 *Architecture and Engineering Services.* Activities of architects and engineers related to land acquisition and improvement and to improvements to buildings.

2534 *Educational Specifications Development Services.* Activities concerned with preparing and interpreting to architects and engineers descriptions of specific space requirements for the various learning experiences of pupils to be accommodated in a building. These specifications are interpreted to the architects and engineers in the early stages of blueprint development.

2535 *Building Acquisition, Construction, and Improvements Services.* Activities concerned with building acquisition through purchase or construction and building improvements. Initial installation or extension of service systems and other built-in equipment as well as building additions are included.

2539 *Other Facilities Acquisition and Construction Services.* Facilities acquisition and construc-

tion activities which cannot be classified above.

2540 **Operation and Maintenance of Plant Services.** Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. Activities which maintain safety in buildings, on the grounds, and in the vicinity of schools are included.

2541 *Service Area Direction.* Activities of directing and managing the operation and maintenance of the school plant facilities.

2542 *Care and Upkeep of Buildings Services.* Activities concerned with keeping the physical plant clean and ready for daily use. Operating the heating, lighting, and ventilating systems, and repair and replacement of facilities and equipment are included.

2543 *Care and Upkeep of Grounds Services.* Activities concerned with maintaining land and its improvements, other than buildings, in good condition.

2544 *Care and Upkeep of Equipment Services.* Activities concerned with maintaining, in good condition, equipment owned or used by the LEA. Activities such as servicing and repairing furniture, machines, and movable equipment are included.

2545 *Vehicle Servicing and Maintenance Services (other than buses).* Activities concerned with maintaining general purpose vehicles such as trucks, tractors, graders, and staff vehicles in good condition. Included are such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety; i.e., preventive maintenance.

2546 *Security Services.* Activities concerned with maintaining order and safety in school buildings, on the grounds and in the vicinity of schools at all times, and providing traffic control on grounds and in the vicinity of schools.

2549 *Other Operation and Maintenance of Plant Services.* Operation and maintenance of plant activities which cannot be classified under the preceding Areas of Responsibility.

2550 **Pupil Transportation Services.** Activities concerned with the conveyance of pupils to and from school, as provided by State law. Included are trips between home and school and trips to school activities. (To separate trips for school activities, a cost per mile could be charged in memorandum accounting.)

2551 *Service Area Direction.* Activities pertaining to directing and managing Pupil Transportation Services.

2552 *Vehicle Operation Services.* Activities concerned with operating vehicles for pupil transportation from the time the vehicles leave the point of storage until they return to that point. Driving buses or other pupil transportation vehicles are included.

2553 *Monitoring Services.* Activities concerned with supervising pupils in the process of being transported between home and school and while being transported for school activities. These activities include supervision while in transit and while being loaded and unloaded, and directing traffic at the loading and unloading stations.

2554 *Vehicle Servicing and Maintenance Services.* Activities concerned with maintaining pupil transportation vehicles in good condition, including repairing vehicles; replacing vehicle parts; and cleaning, painting, greasing, fueling, and inspecting vehicles for safety. Replacing a vehicle chassis or body individually is considered to be equipment and is charged to Capital Outlay.

2559 *Other Pupil Transportation Services.* Pupil transportation services which cannot be classified under the preceding Areas of Responsibility.

2560 **Food Services.** Activities concerned with pro-

**DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)**

**C.--FUNCTION (Continued)**

*Code* *Descriptor*

viding food to pupils and staff in a school or LEA. This Service Area includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities, and the delivery of food.

2561 *Service Area Direction.* Activities of directing and managing food services.

2562 *Preparing and Dispensing Food Services.* Activities concerned with preparing and serving regular and incidental meals, lunches, or snacks to pupils and staff in a school or LEA which include operating kitchen equipment, preparing food, cooking, serving food, cleaning dishes, and storing dishes and kitchen equipment.

2563 *Food Delivery Services.* Activities concerned with delivering food to the school or LEA.

2569 *Other Food Services.* Food services activities which cannot be classified under the preceding Areas of Responsibility.

2570 **Internal Services.** Activities concerned with buying, storing, and distributing supplies, furniture, and equipment; and those activities concerned with duplicating and printing for the LEA.

2571 *Service Area Direction.* Activities of directing and managing internal services.

2572 *Purchasing Services.* Activities of purchasing supplies, furniture, equipment, and materials used in school or LEA operation.

2573 *Warehousing and Distributing Services.* The operation of the systemwide activities of receiving, storing, and distributing supplies, furniture, equipment, materials, and mail. This program includes the pickup and transporting of cash from school facilities to the central administrative office, or bank, for control and/or deposit.

2574 *Printing, Publishing, and Duplicating Services.* Activities of printing and publishing administrative publications such as annual reports, school directories, and manuals. Providing centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices are also included.

2579 *Other Internal Services.* Other internal services which cannot be classified under the preceding Areas of Responsibility.

2590 **Other Support Services–Business.** Support Services–Business other than those classified above.

2600 **Support Services–Central.** Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, statistical, and data processing services.

2610 **Direction of Central Support Services.** Activities concerned with directing and managing the central support services as a group

2620 **Planning, Research, Development, and Evaluation Services.** Activities, on a systemwide basis, associated with conducting and managing programs of planning, research, development, and evaluation for a LEA.

2621 *Service Area Direction.* Activities associated with directing and managing the planning, research, development, and evaluation service area.

2622 *Development Services.* Activities concerned with the evolving process of utilizing the products of research and considered judgment for the deliberate improvement of educational programs.

2623 *Evaluation Services.* Activities concerned with ascertaining or judging the value of an action or an outcome of an action by careful appraisal of previously specified data in light of the particular situation and the goals and objectives previously established.

2624 *Planning Services.* Activities concerned with the selection or identification of the overall, long-range goals, priorities, and objectives of an organization or program, and the formulation of various courses of action in terms of identification of needs and relative costs and benefits for the purpose of deciding which courses of action are to be followed in striving to achieve those goals, priorities, and objectives.

2625 *Research Services.* Activities concerned with the systematic study and investigation of the various aspects of education, undertaken to establish facts and principles.

2629 *Other Planning, Research, Development, and Evaluation Services.* Other services of this nature not described above.

2630 **Information Services.** Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers, or to the general public through direct mailing, the various news media, or personal contact.

2631 *Service Area Direction.* Activities of directing and managing information services.

2632 *Internal Information Services.* Activities concerned with writing, editing, and providing administrative information to pupils and taff.

2633 *Public Information Services.* Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to the public through various news media or personal contact.

2634 *Management Information Services.* Activities concerned with writing, editing, and other preparation necessary to disseminate to management (1) information needed about the operation of the LEA and (2) information about the community, State, and nation, in order to make logical decisions.

2639 *Other Information Services.* Activities concerned with information services not classified above.

2640 **Staff Services.** Activities concerned with maintaining an efficient staff for the LEA including such activities as recruiting and placement, staff transfers, inservice training, health services, and staff accounting.

2641 *Service Area Direction.* Activities of directing and managing staff services.

2642 *Recruitment and Placement Services.* Activities concerned with employing and assigning personnel for the LEA.

2643 *Staff Accounting Services.* Services rendered in connection with the systematic recording and summarizing of information relating to staff members employed by the LEA.

2644 *Inservice Training Services (for noninstructional staff).* Activities developed by the LEA for training of noninstructional personnel in all classifications.

2645 *Health Services.* Activities concerned with medical, dental, and nurse services provided for LEA employees. Included are physical examinations, referrals, and emergency care.

2649 *Other Staff Services.* Staff services which cannot be classified under the preceding Areas of Responsibility.

2650 **Statistical Services.** Activities concerned with manipulating, relating, and describing statistical information.

2651 *Service Area Direction.* Activities concerned with directing and managing statistical services.

**DEFINITIONS OF DIMENSIONS AND ACCOUNTS (Continued)**

**C.–FUNCTION (Continued)**

*Code* *Descriptor*

2652 *Statistical Analysis Services.* Activities concerned with determining the nature and relationships of data elements to arrive at conclusions and recommendations. This program area includes institutional, management, and program studies, such as cost/effectiveness, space utilization, and teaching load.

2653 *Statistical Reporting Services.* Activities concerned with assimilating and writing statistical data into reports for further use. This program area includes the preparation of reports such as questionnaires and data collection forms for internal as well as external use.

2659 *Other Statistical Services.* Statistical services which cannot be classified under the preceding Areas of Responsibility.

2660 **Data Processing Services.** Activities concerned wtih preparing data for storage, storing data, and retrieving them for reproduction as information for management and reporting.

2661 *Service Area Direction.* Activities concerned with directing and managing data processing services.

2662 *Systems Analysis Services.* Activities concerned with the search for and an evaluation of alternatives which are relevant to defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data processing equipment.

2663 *Programing Services.* Activities concerned with the preparation of a logical sequence of operations to be performed either manually or electronically, in solving problems or processing data and the preparation of coded instructions and data for such sequences.

2664 *Operations Services.* Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines and data processing machines.

2669 *Other Data Processing Services.* Activities concerned with data processing which are not described above.

2690 **Other Support Services–Central.** Central services not classified above.

**2900** **Other Supporting Services.** Activities of any supporting service or classification of services, general in nature, which cannot be calssified in the preceding service areas or Areas of Responsibility.

**3000** **COMMUNITY SERVICES.** Activities which are not directly related to the provision of education for pupils in a LEA. These include services such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities provided by the LEA for the community as a whole or some segment of the community.

**3100** **Direction of Community Services Activities.** Activities concerned with directing and managing community services activities.

**3200** **Community Recreation Services.** Activities concerned with providing recreation for the community as a whole, or for some segment of the community. Included are such staff activities as organizing and supervising playgrounds, swimming pools, and other recreation programs for the community.

**3300** **Civic Services.** Activities concerned with providing services to civic affairs or organizations. This program area includes services to parent-teacher association meetings, public forums, lectures, and civil defense planning.

**3400** **Public Library Services.** Activities pertaining to the operation of public libraries by a LEA, or the provision of library services to the general public through the school library. Included are such activities as budgeting and

planning the library's collection in relation to the community, and informing the community of public library resources and services.

**3500** **Custody and Care of Children Services.** Activities pertaining to the provision of programs for the custodial care of children in residential day schools, or child-care centers which are not part of, or directly related to the instructional program, and where the attendance of the children is not included in the attendance figures for the LEA.

**3600** **Welfare Activities Services.** Activities pertaining to the provision of personal needs of individuals who have been designated as needy by an appropriate governmental entity. These needs include stipends for school attendance, salaries paid to pupils for work performed whether for the LEA or for an outside concern, and for clothing, food, or other personal needs.

**3700** **Nonpublic School Pupils Services.** Services to pupils attending a school established by an agency other than the State, subdivision of the State, or the Federal Government, which usually is supported primarily by other than public funds. The services consist of such activities as those involved in providing instructional services, attendance and social work services, health services, and transportation services for nonpublic school pupils. Statutory requirements in individual States may require construction of subfunctions for these and other functions and subfunctions related to expenditures for nonpublic school pupils. Special accounting provision may be required for transfer of these expenditures from corresponding functional accounts for services provided to public school pupils.

**3900** **Other Community Services.** Services provided the community which cannot be classified under the preceding Areas of Responsibility.

**4000** **NONPROGRAMED CHARGES.** Conduit-type (outgoing transfers) payments to other LEAs or administrative units in the State or in another State, and transfers from one fund to another fund in the LEA.

**4100** **Payments to Other Governmental Units (within the State).** Conduit-type payments to LEAs, generally for tuition and transportation, in the State for services rendered to pupils residing in the paying LEA. Where a governmental unit collects money from a nonoperating LEA for the education of pupils from the nonoperating LEA and pays it to an operating LEA, the nonoperating LEA records such payments here. (These are not counted in State totals of expenditures.)

**4200** **Payments to Other Governmental Units (outside the State).** These are conduit-type payments to LEAs outside the State for services rendered to pupils residing in the paying LEA. These payments are generally for tuition and transportation. Where a governmental unit in one State collects money from a nonoperating LEA for the education of pupils from the nonoperating LEA and pays it to an operating LEA in another State, the nonoperating LEA records such payments here. (These are not counted in national totals of expenditures.)

**4300** **Transfers of Funds.** These are transactions which withdraw money from one fund and place it in another without recourse. Unless State law prohibits, revenues should be allocated between funds when received and recorded in the funds to which they belong, rather than placing them in the General Fund and later transferring them. (These are not counted in local LEA totals of expenditures.)

**5000** **Debt Services.** The servicing of the debt of a LEA. Categories of debt services are listed under *objects.*

## D.--OPERATIONAL UNIT

The term *Operational Unit* is used to denote the group and type of education activities for organizational purposes. Each type of unit has discriminating characteristics. The units include individual schools, in most cases, and can be used to designate school costs centers. In other words, budgets and expenditures may be made for each school or operational unit. Such units are specific schools, transportation, administration,

D.--OPERATIONAL UNIT (Continued)

and warehouses. Following are examples of Operational Units and codes:

| *Code* | *Descriptor* |
|---|---|
| 001 | Friedley Elementary School |
| 501 | McLune Middle School |
| 701 | Jones High School |
| 751 | Chismore Vocational-Technical School |
| 781 | Curtis Junior College |
| 901 | Central Administrative Office |
| 911 | Main Warehouse |
| 921 | Main Bus Garage |

## E.--PROGRAM

A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of allied objectives. Programs, as appropriate for this manual, are of three types: instructional programs, supporting services programs, and community service programs. The *function* and *program* dimensions are merged into a single dimension to become a cost center in actual system practice. The supporting services functions become supporting services programs and the community services functions in the same manner are designated community services programs. Instructional programs are divided into Regular, Special, and Adult/Continuing Education Programs.

This handbook is designed to be a vehicle or guide for (1) *program cost accounting* or for (2) *accounting for programs in a program, planning, budgeting, and evaluating system*. Its purpose does not encompass those of specifying and defining specific programs for a LEA. There are suggestions and a rationale, however, for handbook users to develop plans (programs) to accomplish predetermined objectives in chapter 5. Users of the handbook are the ones to determine the number and nature of programs to be used. Some suggestions at this time, however, might prove helpful in making the transition to use of the handbook.

Converting accounting procedures from those having been in use heretofore to those described in this handbook is not a tremendous task but utilizing the full advantages of a program, planning, budgeting, and evaluating system is a mission which should be approached in phases over a period of years. Program cost accounting means, simply, budgeting of and accounting for money on an instructional program basis rather than budgeting and accounting for instruction as one function and similarly as all other functions which support instruction. But the concept of PPBES means budgeting, on a priority basis, instructional and support programs which have been set up to accomplish mutually agreed upon objectives. Processes—number and mix of services and goods—to achieve these objectives are determined through simulation and analysis on an alternate basis. Recurring budgeting is done on a priority basis after previous processes have been evaluated.

Converting to program cost accounting is the first phase and before curriculum supervisors and program officers have time to formulate goals and measurable objectives, the problem concerning programs or cost centers for which to budget and accumulate costs arises. Probably a minimum number of cost centers should be used. In this case, *functions* could serve as the cost centers or programs. That is, cost centers would be established for four regular instructional programs (Elementary, Middle/Junior High, Preparatory Postsecondary Education, and Preparatory Postsecondary Employment), six or fewer special education programs, adult/continuing programs as needed, appropriate community services programs and as many of the supporting service programs (functions) as feasible. Should fewer programs be needed, only those functions ending with two zeros could be used (Regular Programs, Special Programs, Adult/Continuing Programs, Support Services—Pupils, Support Services—Instructional Staff, etc.).

The above regular insturctional programs may be broken into subject matter areas and program elements if more detail cost centers are desired. These are coded and defined in Handbook VI, *Standard Terminology for Curriculum and Instruction for Local and State School Systems*.[1] Phasing into a Program, Planning, Budgeting, and Evaluating System means generating broad based goals and objectives, setting up procedures and activities (programs) which have measurable subob-

[1] John F. Putnam and W. Dale Chismore, *Standard Terminology for Curriculum and Instruction in State and Local School Systems*, State Educational Records and Reports Series: Handbook VI. U.S. Department of Health, Education, and Welfare, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 1970. $3.

jectives, and determining appropriate processes (teacher-teacher assistants-teacher aides-machines-supplies-methods mixes) through simulated analyses.

## F.--SOURCE OF FUNDS

Described in this dimension are the various origins of revenue for a local LEA. Included are various sources from within a local LEA, from an intermediate unit, from the State, from the Federal Government, and from other sources. Following are the definitions for the source of revenue categories:

*Code Descriptor*

1 **Nonidentifiable.** This is revenue from any or all sources which is not readily identifiable with specific expenditures at the times when payments are made.

1 **Local.** Revenue provided by the local government for educational activities at the local education agency level. Expenditures made from this revenue should be identifiable as locally-supported expenditures.

2 **Intermediate.** Revenue provided by intermediate governmental units such as counties and boroughs for educational activities at the LEA level. Expenditures from this revenue should be identifiable as having been supported by revenue from an intermediate governmental unit.

3 **State.** Revenue provided by the State government for educational activities at the LEA level. Expenditures from this revenue should be identifiable as State-supported expenditures.

4 **Federal.** Revenue provided by the Federal Government for activities at the LEA level. Expenditures made from this revenue should be identifiable as federally supported expenditures.

9 **Other.** Revenue provided by sources other than those above.

## G.--FISCAL YEAR

Fiscal year denotes a 12-month period of time to which the annual budget applies and at the end of which a LEA determines its financial position and the results of its operations. The terminal digit of the applicable year designates the code.

*Code Descriptor*

0 FY 1969-1970
1 FY 1970-1971
2 FY 1971-1972
3 FY 1972-1973
4 FY 1973-1974
5 FY 1974-1975

## H.--INSTRUCTIONAL ORGANIZATION

The general types of schools or other organizational entities providing instruction are included in this dimension. An instructional organization is coded by two digits, such as, 10--Elementary, and 20--Middle/Junior High.

It is recognized that the instructional organization suggested here may not coincide with that being used in all States, but it does provide the basic subdivisions for any organizational structure.

Wherever it does not comply exactly, being in more or less detail, school officials can combine subdivisions or omit some as applicable. Comparability is improved by using the same structure for reporting purposes throughout the Nation. In the following definitions, *grade span* can be changed to *age span* when structuring a nongraded school or LEA.

*Code Descriptor*

10 **Elementary School.** A school classified as elementary by State and local practice and composed of any span of grades not above grade eight, including preprimary.

20 **Middle/Junior High School.** A term describing a school organization between an elementary school and a high school. This term is used for budget purposes, usually, when middle and junior high schools need to be grouped for planning. Any other type organization by any other name, between the elementary and high schools, should be included.

## H.—INSTRUCTIONAL ORGANIZATION (Continued)

*Code* *Descriptor*

30 **High School.** A school comprising any span of grades beginning with the next grade following an elementary or junior high school, if there is such a school, and ending with or below grade 12. This includes 3-year and 4-year vocational and technical high schools separately organized under the direction and management of an administrator (such as a principal) for the primary purpose of offering education and training in one or more semiskilled, skilled, or technical occupations.

40 **Adult/Continuing Education School.** A school for adults and out-of-school youth (16 years of age and older who are not regularly enrolled in school) who have either completed, interrupted, or have not begun their formal education and are pursuing skills or knowledge in other than regularly prescribed courses. These include adult basic schools, advanced adult schools, occupational schools, and those schools which have as their purpose the upgrading of occupational skills, retraining existing skills, pursuit of special interests, or for enrichment.

50 **Junior College.** An institution of higher education which offers, usually, the first 2 years of college instruction, which frequently grants an associate degree, but does not grant a bachelor's degree. It is either an independently organized institution (public or nonpublic), an institution which is a part of a LEA, or an independently organized system of junior colleges. Junior colleges offer college transfer courses and programs; and/or vocational, technical, and semiprofessional occupational programs or general education programs at the postsecondary instructional level; and may also offer continuing education for adults as well as other community services.

90 **Other School.** A school which does not fit into one of the previous descriptions and cannot be classified as such.

## I.—JOB CLASSIFICATION AND ACTIVITY ASSIGNMENT

This series groups into general categories the kinds of work staff members perform within the LEA and divides these categories (or classifications) into activity assignments describing the major activities of each position. The job classifications, which are based upon the job categories defined and used by the Equal Employment Opportunity Commission, the Bureau of the Census, and the U.S. Department of Labor, are intended to identify the major skill levels needed in LEA and to provide structure for reporting to local, State, and Federal agencies. Each general category may be subdivided by the local administrator into as many assignments as necessary, depending upon the size of the LEA and its own internal reporting needs.

The assignments identify the staff member by what he *does* rather than by his job title—since job titles for the same position may differ across the country—or by his education or experience. A staff member with a doctor of philosophy degree who is working in a programing or teaching assistant assignment would be classified under 407 or 411, respectively, even though these assignments are considered Technical. However, a staff member who performs as a business manager would be placed under the supervising/managing/directing assignment (110) in the Official/Administrative classification even if he has less than a high school diploma and no prior business experience.

If a staff member has more than one activity assignment, the full-time equivalency of *each* assignment should be recorded. (See appendix B, p. 127.)

100 **OFFICIAL/ADMINISTRATIVE.** A grouping of assignments comprising the various skill levels required to perform management activities, such as developing broad policies for the LEA and executing these policies through direction of staff members at all levels of the LEA. Those activities performed directly *for* policymakers are also included here. The Official/Administrative classification does not preclude Professional—Educational or Professional—Other status.

Under the Official/Administrative classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

101 *Administrative Assistant Assignment.* An assignment to perform activities assisting an executive officer in performing his assigned activities in the local education agency.

102 *Administrative Intern Assignment.* An assignment to perform activities which are a part of an internship plan during which the staff member is supervised periodically and his performance evaluated.

103 *Assistant Deputy/Associate Superintendent Assignment.* An assignment to a staff member (e.g., an assistant, deputy, or associate superintendent *or his assistant*) to perform high level, system-wide executive management functions in a local education agency.

104 *Assistant Principal Assignment.* An assignment to a staff member (e.g., an assistant, deputy, or associate principal) to perform high level executive management functions in an individual school, group of schools, or unit(s) of a LEA.

105 *Board of Education Member Assignment.* An assignment to perform activities as a member of a legally constituted body which has been created and vested with responsibilities for educational activities in a given geographical area.

106 *Foreman Assignment.* An assignment, considered to be a function of management, to supervise the day-to-day operations of a group of skilled, semiskilled, or unskilled workers (e.g., the warehouse or garage workers).

107 *Ombudsman Assignment.* An assignment to receive and investigate complaints made by individuals against alleged abuses or capricious acts of administrative LEA officials. (The ombudsman usually works for the board of education in a quasi-official status.)

108 *Principal Assignment.* An assignment to a staff member to perform highest level executive management functions in an individual school, group of schools, or unit(s) of a LEA.

109 *Superintendent Assignment.* An assignment to a staff member (e.g., chief executive of schools or chancellor) to perform the highest level, system-wide executive management functions of a LEA.

110 *Supervising/Managing/Directing Assignment.* An assignment to direct staff members and manage a function, a program, or a supporting service. As with all activity assignments, the scope of this assignment is broken into subaccounts. Examples of staff members having this assignment include chairmen of academic departments, supervisors of purchasing, directors and managers of psychological services.

111 *Tax Assessing/Collecting Assignment.* An assignment to provide services in the assessment of real and personal property for tax computation purposes and in the collection of taxes for the LEA.

**200 PROFESSIONAL–EDUCATIONAL.** A grouping of assignments requiring a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), including skills in the field of education or educational psychology.

Under the Professional–Educational classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

201 *Curriculum Specialist Assignment.* An assignment to a staff member who has expertise in a specialized field to provide information and guidance to other staff members to improve the curriculum of a LEA. This assignment would include the curriculum consultant and curriculum supervisor.

202 *Counseling Assignment.* An assignment to per-

form the activities of assisting pupils, assisting parents and teachers to assist pupils and in making personal plans and decisions in relation to education, career, or personal development.

203 *Librarian/Media Assignment.* An assignment to develop plans for and the use of teaching and learning resources, including equipment, content material, and services.

204 *Remedial Specialist Assignment.* An assignment to perform activities concerned with correcting or improving specific marked deficiencies (such as a deficiency in content previously taught but not learned) which are not due to impairment of mental or physical ability.

205 *Teaching Assignment.* An assignment to a staff member to instruct pupils.

300 **PROFESSIONAL—OTHER.** A grouping of assignments requiring a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), but not requiring skills in the field of education.

Under the Professional—Other classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

301 *Accounting Assignment.* An assignment to design and maintain financial, staff, pupil, program, or property records; to summarize, analyze, or verify such records; or to control and certify expenditures and receipts.

302 *Analyst Assignment.* An assignment (e.g., a systems analyst, budget analyst, statistical analyst, or psychological analyst) to examine, evaluate, and make recommendations in such areas as cost, systems, curriculum, or other educational sectors.

303 *Architect or Engineer Assignment.* An assignment to a staff member who is licensed as an architect or engineer to perform activities such as designing and preparing plans and specifications for the construction, remodeling, or repair of buildings and facilities and overseeing construction to ensure compliance with plans and specifications.

304 *Audiologist Assignment.* An assignment to provide services such as diagnostic evaluation, habilitative and rehabilitative services, and research related to hearing.

305 *Auditing Assignment.* An assignment to perform activities concerned with examining, verifying, and reporting on the accounting records of the LEA.

306 *Dentist Assignment.* An assignment to a staff member who is licensed as a dentist to diagnose and treat diseases, injuries, and malformations of the teeth and gums.

307 *Dietitian/Nutritionist Assignment.* An assignment to plan and direct food services programs, including determining the nutritional value of food for meals.

308 *Editing Assignment.* An assignment to select, write, and review materials for publication.

309 *Evaluating Assignment.* An assignment to determine the value or effect of plans, programs, and activities by appraisal of data in light of specified goals and objectives.

310 *Legal Assignment.* An assignment to a staff member (qualified to practice law) to perform such activities as conducting lawsuits, drawing up legal documents, and advising the LEA on legal rights.

311 *Negotiating Assignment.* An assignment to perform such activities as resolving labor/management problems and helping to settle disputes and effect compromises. This assignment would include representatives of *either* management or labor (e.g., shop stewards).

312 *Opthalmologist Assignment.* An assignment to a

staff member who is licensed as a physician and certified as an opthalmologist to provide specialized services in the care of the eye and its related structures.

313 *Optometrist Assignment.* An assignment to a staff member who is a licensed optometrist to treat optical and muscle defects of the eye without the use of drugs or surgery.

314 *Personnel Assignment.* An assignment to perform activities concerned with staff recruitment, selection, assignment, promotion, and training; maintaining staff records; and working with administrators in developing pension and insurance plans.

315 *Physician Assignment.* An assignment to a staff member who is licensed as a medical doctor to diagnose and treat diseases and disorders of the human body.

316 *Planning Assignment.* An assignment to perform activities concerned with selecting or identifying the goals, priorities, and objectives of the LEA and formulating the courses of action to fulfill these objectives.

317 *Psychiatrist Assignment.* An assignment to a staff member who is licensed as a physician and certified as a psychiatrist to study, diagnose, and treat diseases and disorders of the mind.

318 *Psychologist Assignment.* An assignment to a staff member who is licensed as a psychologist to evaluate and analyze pupils' behavior by measuring and interpreting their intellectual, emotional, and social development, and diagnosing their educational and personal disabilities.

319 *Public/Community Relations Assignment.* An assignment to foster good relations between the LEA and the public community as a whole, by planning and conducting programs to disseminate information through such media as newspapers, radio and television, public forums, and civic activities; and reviewing material for and directing preparation of LEA publications.

320 *Registered Nursing Assignment.* An assignment to a staff member who is licensed as a registered nurse to perform activities requiring substantial specialized judgment and skill in observation, care, and counsel of ill and injured persons and in illness prevention.

321 *Registrar Assignment.* An assignment to coordinate and direct LEA registration activities, including compilation and analysis of registration data for administrative use.

322 *Research and Development Assignment.* An assignment to perform activities concerned with systematic studies and investigations in some field of knowledge and with the evolving process of using the products of research and judgment to improve educational programs.

323 *Social Work Assignment.* An assignment to assist in the prevention of, or solution of, those personal, social, and emotional problems of individuals which involve such relationships as those of the family, school, and community.

324 *Statistician Assignment.* An assignment to plan surveys and collect, summarize, and interpret numerical data, applying statistical theory and methods.

325 *Therapist Assignment.* An assignment to perform activities involving occupational or physical methods of treatment and rehabilitation other than the use of drugs or surgery.

**400 TECHNICAL.** A grouping of assignments requiring a combination of basic scientific knowledge and manual skills which can be obtained through approximately 2 years of post high school education, such as is offered in junior/community colleges and technical institutes, or through equivalent special study and/or on-the-job training.

Under the Technical classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

401 *Audiometrist Assignment.* An assignment to administer audiometric (hearing acuity) screen-

ing tests under the supervision of an audiologist or physician.

402 *Computer Operating Assignment.* An assignment to operate and control computers and related peripheral equipment.

403 *Dental Hygienist Assignment.* An assignment to a staff member who is licensed as a dental hygienist to perform dental prophylactic treatments and to instruct others in the care of teeth and mouth.

404 *Graphic Arts Assignment.* An assignment to plan and arrange art layouts to illustrate programs or processes for publication, demonstration, and more effective communication.

405 *Inspector Assignment.* An assignment to appraise the condition of equipment and buildings as they relate to safety and health, and the condition of new construction as it relates to specifications and codes.

406 *Practical Nursing Assignment.* An assignment to perform auxiliary medical services, such as taking and recording temperature, pulse, and respiration rates and giving medication under the supervision of a physician or a registered nurse.

407 *Programing Assignment.* An assignment to prepare logical coded sequences of operations to be performed by a computer in solving problems or processing data.

408 *Psychometrist Assignment.* An assignment to perform activities concerned with measuring the intellectual, social, and emotional development of pupils through the administration and interpretation of psychological tests. These activities are usually carried out under the direction or supervision of a psychologist or related professional.

409 *Purchasing Agent Assignment.* An assignment to perform activities concerned with buying supplies, equipment, and materials used in the operation of the LEA.

410 *Student-Teaching Assignment.* An assignment to instruct pupils under the supervision of a certificated teacher as part of a formalized higher education program of teacher preparation.

411 *Teaching Assistant Assignment.* An assignment to perform the day-to-day activities of teaching pupils under the supervision of a teacher. The teaching assistant assignment does not include any diagnostic or long-range evaluative decisions regarding pupils taught. Staff members having this assignment may or may not be certificated but have completed at least 2 years of formal education preparatory for teaching or the equivalent in experience or training.

412 *Teaching Intern Assignment.* An assignment to instruct pupils as part of on-the-job preparation for full certification as a teacher. A teaching intern usually has all the professional education necessary for certification except for skills in the fields of education or educational psychology.

500 **OFFICE/CLERICAL.** A grouping of assignments to perform the activities of preparing, transferring, transcribing, systematizing, or preserving communications, records, and transactions, regardless of the level of skills required, where the activities are predominantly nonmanual.

Under the Office/Clerical classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

501 *Bookkeeping Assignment.* An assignment to keep a systematic record of accounts or transactions and to prepare statements.

502 *Clerical Assignment.* An assignment to perform activities concerned with preparing, transferring, transcribing, systematizing, or filing written communications and records. This assignment includes the positions of clerk, clerk-typist, stenographer, file clerk, and secretary.

503 *Messenger Assignment.* An assignment to deliver messages, documents, packages, and other items to offices or departments within or outside the LEA.

504 *Records Managing Assignment.* An assignment to perform activities concerned with establishing and maintaining an adequate and efficient system for controlling the records of the LEA.

505 *Teaching Aide Assignment.* An assignment to assist a teacher with routine activities associated with teaching, those activities requiring minor decisions regarding students, such as monitoring conducting rote exercises, operating equipment, and clerking.

600 **CRAFTS AND TRADES.** A grouping of manual assignments requiring a relatively high skill level (usually acquired through an extensive period of training) as well as requiring considerable judgment and a thorough and comprehensive knowledge of the processes involved in the work.

Under the Crafts and Trades classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

601 *Carpentering Assignment.* An assignment to perform activities involved in constructing, erecting, installing, and repairing wooden structures and fixtures.

602 *Electrician Assignment.* An assignment to perform activities involved with planning layout and installing and repairing wiring, electrical fixtures, apparatus, and control equipment.

603 *General Maintenance Assignment.* An assignment to perform activities concerned with repair and upkeep of buildings, machinery, and electrical and mechanical equipment.

604 *Masoning Assignment.* An assignment to perform activities involved with working with stone, brick, concrete, artificial stone, and the like in constructing, erecting, and repairing structures and fixtures.

605 *Mechanic Assignment.* An assignment to perform activities involved with inspecting, repairing, and maintaining functional parts of mechanical equipment and machinery.

606 *Painting Assignment.* An assignment to perform activities involved with painting, varnishing, and staining the interior and exterior of buildings and fixtures.

607 *Plastering Assignment.* An assignment to perform activities involved with applying and repairing plaster in the interior and on the exterior of buildings.

608 *Plumbing Assignment.* An assignment to perform activities involved with assembling, installing, and repairing pipes, fittings, and fixtures of heating, water, and drainage systems.

700 **OPERATIVE.** A grouping of manual assignments requiring an intermediate skill level (which can be mastered in a few weeks through limited training) necessary to perform machine operating activities.

Under the Operative classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

701 *Crafts and Trades Apprenticeship Assignment.* An assignment to perform the activities of an apprentice in crafts and trades (see 600).

702 *Dispatching Assignment.* An assignment to assign vehicles and drivers to perform specific services and to record such information concerning vehicle movement as the LEA may require.

703 *Vehicle Operating Assignment.* An assignment consisting primarily of driving a vehicle such as a bus, truck, or automobile used in the service of the LEA.

800 **LABORER.** A grouping of manual assignments which generally require no special training. All laborers performing lifting, digging, mixing, loading, and pulling operations would be classified in this general job classification. Under the

## I.—JOB CLASSIFICATION AND ACTIVITY ASSIGNMENT (Continued)

Laborer classification, the one fairly common specific activity assignment associated with an LEA is groundskeeping; other activity assignments may be added by the local administrator if needed by a particular LEA.

801 *Groundskeeping Assignment.* An assignment to maintain grounds owned, rented, or leased, and used by the LEA. This assignment does not include the operation of machinery requiring semiskilled training or experience.

900 **SERVICE WORK.** A grouping of assignments, regardless of level of difficulty, which relate to both protective and nonprotective supportive services. Under the Service Work classification, the following activity assignments are the most common in the LEA; the list may be expanded as necessary at the discretion of the local administrator.

901 *Attendance Officer Assignment.* An assignment to enforce compulsory attendance laws.

902 *Custodian Assignment.* An assignment to perform LEA plant housekeeping, servicing, and security services consisting of such activities as cleaning; operating heating, ventilating, and air-conditioning system; guarding and caring for school property; and servicing building equipment.

903 *Elevator Operating Assignment.* An assignment to transport passengers and freight between the floors of a building via elevator.

904 *Food Service Assignment.* An assignment to perform the activities of preparing and serving food.

905 *Guard/Watchman Assignment.* An assignment to perform activities concerned with maintaining the safety and security of LEA property, facilities, and personnel.

906 *Monitoring Assignment.* An assignment to perform such activities as helping to keep order on buses and playgrounds and in lunchrooms, and taking attendance. This assignment would include traffic guards for loading buses.

907 *Stores Handling Assignment.* An assignment to perform the activities of receiving, storing, and dispensing school supplies, materials, and equipment.

## J.—TERM

*Code* *Descriptor*

1 **Fall Term—Day.** This is a division which usually begins in August or September and ends in November or December and pupils attend the day sessions.

2 **Fall Term—Evening.** This is the same as the term above except pupils attend the evening session.

3 **Winter Term—Day.** This is a division which usually begins in November or December and pupils attend the day sessions.

4 **Winter Term—Evening.** This is the same as the term above except pupils attend the evening session.

5 **Spring Term—Day.** This is a division which usually begins in February or March and ends in May or June and pupils attend the day sessions.

6 **Spring Term—Evening.** This is the same as the term above except pupils attend the evening session.

7 **Summer Term—Day.** This is a division which usually begins in June and ends in August and pupils attend the day sessions.

8 **Summer Term—Evening.** This is the same as the term above except pupils attend the evening session.

## K.—SPECIAL COST CENTERS

A *cost center* is the "smallest segment of a program that is separately recognized in the agency's records,

accounts, and reports. Program-oriented budgeting, accounting, and reporting aspects of an information system are usually built upon the identification and use of a set of cost centers."[2] When a LEA identifies its instructional programs, whether with broad based goals and objectives or the designated subject matter areas as defined in Handbook VI,[3] they become in essence the instructional cost centers. On the other hand, if management wishes to divide these LEA-wide cost centers into school cost centers, the number of these centers increases proportionately to instructional programs for each school. Supporting services are arranged for accumulating costs, also. Each Area of Responsibility may be designated as a supporting services cost center. They are arranged in such way as to be prorated, in the simplest manner, to instructional programs. This is essential for total cost determination of various programs.

A special cost center is set aside to enable costs to be accumulated on a subprogram basis; i.e., a portion of a cost center is set aside for special emphasis. For example, a program such as *Health and Physical Education* has its program elements of Physical Education and Interscholastic Athletics (Football, Basketball, Track, Baseball). Here, the cost of transporting contestants and/or boosters could be set aside in a special cost center for analysis. Any program element could be set aside for special treatment; i.e., costs accumulated for that element in addition to those accumulated for the entire program. Another example could be Drug Abuse Education, as it is done on a large group basis say in the assembly but takes manpower, space, supplies, and time. Essentially any segment of school activities could be set aside and costs accumulated and designated a special cost center.

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[2] Yeuell Y. Harris and Ivan N. Seibert, *The State Education Agency,* State Educational Records and Reports Series: Handbook VII. U.S. Department of Health, Education, and Welfare, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 1971. $1.75.

[3] John F. Putnam and W. Dale Chismore, *op. cit.*

## Chapter 5

# IMPLICATIONS OF FINANCIAL ACCOUNTING IN USING THE HANDBOOK

Described in the preceding chapters is the chart of accounts which serves to link school financial transactions with resource items concerning curriculum, school staff, facilities, and with types of pupils. Using the chart in this manner provides an opportunity to establish cost centers representing areas of educational effort and to account for the costs of such entities or *programs*. The group of accounts is presented as a workable frame for establishing cost centers but is not to be considered the *ideal*.

This chapter contains the implications for the use of these classifications for program cost accounting, for information systems, for analysis, and for reporting, along with some suggested financial measures for the educational system and the rationale for the expenditures classification.

## RATIONALE FOR EXPENDITURES CLASSIFICATION

The expenditures classification (dimensions) described in this handbook are presented in chapter 4. Revenue and expenditure accounts together reflect the changes in the financial condition of a fund which occur during a given period of time. Revenues, as described earlier, consist of increases in ownership equity in a fund; that is, they consist primarily of additions to the assets which do not decrease some other asset or increase any liability. Expenditures consist of decreases in assets or increases in liabilities which result in a decrease in fund balance.

Revenues are classified by fund and source. Expenditures, in addition to being classified by fund and source, may be classified by function, object, operational unit, program, space, instructional organization, term, and staff assignment. There are classifications or dimensions useful for local school officials which are not described here. But those considered most relevant to the decisionmaking process are discussed in a preferential arrangement; i.e., the most relevant will be listed and defined first.

### Dimensions

The extent of detail in the outline of these dimensions is not to be taken as indicating that the Federal, State, or local government wants all the information in a statistical file. It is to be used when needed. The elaborateness of the items serves three purposes: (1) it forms a logical, consistent array of data items for ease in use; (2) the large array provides flexibility in use and creates the possibility of aggregation; and (3) it allows for the unexpected or special case. The art of the design is to be able to extract any or all details for regular or special use.

The following list is not meant to suggest that these dimensions be placed in this particular order when used in an information system. They may be arranged in any order to facilitate use. All dimensions need not be recorded at the time of transaction but should be recorded and filed at some time during the year. Through methodical arrangement, discussed later in this chapter, two or more dimensions may be combined into one code.

To comply with legal requirements in many States and to exhibit good custodial care of funds, local officials, when keeping records about finances, are usually required at least to indicate from which fund an expense was paid, what was purchased, and why it was purchased. By recording each financial transaction, in these three dimensions—fund, object, and function—auditable records are made to comply with legal and stewardship requirements, and, with a minimum amount of analyses, trend data can be established for future planning.

These three entities, *fund* (1), *object* (2), and *function* (3) constitute, therefore, the three most important dimensions for finance recordkeeping. A *fund* is an independent and fiscal accounting set of accounts which are segregated for specific activities or for obtaining certain objectives. Funds are established by constitutional provisions or special statutes in many States to help assure that money is spent for

purposes specified in appropriations. Bonding and building statutes reflect this motive. Identification of funds usually is made in terms of their legal basis, in terms of objectives to be served, and sometimes in terms of both the source of receipts and type of activities which they finance. Debt Service Fund, Food Service Fund, Student Activity Fund, and Special Revenue Fund, are examples of these types of fund identification.

The significance of separating expenditures by *object* (2), defined as goods and services, is proved when the decisionmaker can compare the cost effectiveness ratios of two or more pieces of equipment, or that of a purchased service with the same type of service provided in-house. Through analysis, various types of supplies and materials (textbooks or library books) can be evaluated for a program if they are properly identified.

*Function* (3) is the broad area of programs, subprograms, and activities into which expenditures are classified to provide the capability of comparing costs among communities and States and to assist local managers in setting up ratios or measures for estimates in their demand for quick decisions. For example, the ratio of the number of and cost of instructional staff to supporting services staff is an important measure in management. Again, the ratio of the number and cost of staff (Function 2200) who support instructional staff to those supporting pupils (Function 2100) may be an indicator of value to persons who make decisions.

The four broad *functions* are: instruction, supporting services, community services, and debt services. Instruction is subdivided into instructional programs. Supporting services is subdivided into supporting services programs. Further clarification of program is made in the program dimension rationale in the section "Implications of Financial Accounting for Program Accounting."

The fourth dimension is *operational unit* (4). This unit is the particular activity or group of activities operated by a LEA. Individual schools, transportation, or food services are examples of units of specialized activities.

The operational unit, as a school, becomes important when decisions are made regarding attendance centers or types of programs to provide for the attendees. For example, remedial education may be beneficial in one attendance area (operational unit), but less effective in others. Another example, given funds for an experimental program in drug abuse education for only one attendance area, the decisionmaker must choose the school most apt to produce the greatest achievement toward emotional development objectives. The *operational unit* dimension provides cost centers (areas for localizing costs) enabling the local administrator to compare the resources provided for various schools.

The *operational unit* dimension provides the link to facilities in system development. An operational unit such as a school, administration unit, or a transportation unit is housed in a building or buildings on a site. The operational unit code and site code may be merged for this link. For example, Johnson Elementary School (code 18) is located in two buildings on site number 22. The buildings are numbered 22 1 and 22 2. The Johnson Elementary School is coded 1822 and a Communication Skills program might use the spaces designed 18221101-115, which means this program uses spaces in rooms 101 to 115 in building number 1. This linkage of an operational unit with space provides the opportunity to assign the cost of using space to a program, which is an element of the operational unit. This is explained in more detail in the chapter on proration. (Facilities items are classified and defined in Handbook III, *Property Accounting for Local and State School Systems.*)[1]

*Program* (5) is the fifth dimension in this arrangement. It is the dimension in which goals, objectives, subobjectives, and preformance requirements are analyzed and organized into procedures, activities, programs, and courses. Instructional programs may be grouped into three major groups—regular, special, and adult/continuing—or further divided into goals and objectives and into specific objectives, such as communication skills development, personal development, and environmental understanding, and still further divided into more detailed skills development programs. Regardless of how programs are defined, this dimension is useful in relating cost to effectiveness. Evaluation is accomplished only when educational results are identified. This is discussed in more detail later in this chapter under the section Implications of Financial Accounting for Program Accounting. This

[1] Paul L. Reason and George C. Tankard, Jr., *Property Accounting for Local and State School Systems.* Washington: U.S. Government Printing Office, 1959. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook III, Bulletin 1959, No. 22.

dimension links costs to curriculum and program types which are defined in Handbook VI, *Standard Terminology for Curriculum and Instruction in Local and State School Systems.*[2]

*Source of Funds* (6), the sixth dimension, is important to fund providers at all levels, local, State, and Federal. Appropriating bodies, school patrons, and school boards at the local level and legislators at the State and Federal levels, have to make choices when channeling funds into broad public service areas: education, health, personal and traffic safety, transportation, etc. Each service competes for the dollar and decisions have to be made regarding allocations. The allocations are made for specific purposes. Goals and objectives for which the funds are provided need to be identified with the corresponding purchased goods or services for proper evaluation. Some States specify use of special funds for specific purposes, such as bond funds, and debt funds. Special funds usually are identified as they are placed in the Special Revenue Fund and expenditures from the particular special fund can be identified by code as they are made.

The identification of expenditures, with the *fiscal year* (7) they are presumed to benefit, is important in properly accounting for the financial affairs of a LEA. Expenditures are of three types: (1) current expenses, which are presumed to benefit the current year; (2) capital outlays, which are presumed to benefit both the present and the future; and (3) debt redemptions, which involve expenditures on account of benefits received, at least in part, in prior fiscal years as well as current and future periods. Also, funds are appropriated in some cases for a program which may extend into another fiscal period which creates a need for identifying money by fiscal year. For example, if teachers are employed on a 9-month's basis but are paid in 12 equal installments; one in July and one in August, the payroll for these staff members should carry a fiscal year code of the previous fiscal year rather than the one in which they were paid. In addition to being important to the fiscal agent, this dimension has value for the program manager as it provides insight into the amount of money available.

The next dimension is *instructional organization* (8). It differentiates between the various organizational operations of the LEA. When linked with operational unit through systems arrangements, local officials may further identify and budget for levels of education such as elementary, middle/junior high, high, and adult/continuing education which is also essential in reporting to the State agency. This capability assists the local decisionmaker also to determine merits of programs by type of pupils—age, grade, etc.

Useful in identifying staff activities is a dimension called *assignment* (9). This dimension has value principally for local officials in personnel administration: staff evaluation, assignment, and recruiting. It may be used also in relating cost of staff services to the activity or project to which they are assigned and to the space in which the activity occurs. It has value in manpower supply/demand studies and reports. This classification is adapted from Handbook IV, *Staff Accounting for Local and State School Systems.*[3]

Evidence points to a trend toward an extended school year and school day throughout the country, producing a need to designate and code divisions of time. To differentiate among these divisions, a dimension called *term* (10) is included. The various divisions needed may be quite dissimilar throughout the country, as vocational schools may change programs or pupils often, say every few weeks, whereas others may have need for only two terms, day and evening or regular and summer. Officials operating schools on a 12-months' basis may wish to designate divisions of four terms—fall, winter, spring and summer. For comparable purposes, therefore, it is suggested that, if possible, the following divisions be used: fall—day, fall—evening, winter—day, winter—evening, spring—day, spring—evening, summer—day, and summer—evening. This dimension has significant value when programs or projects differ somewhat from term to term, from day to evening, or when levels of support may vary.

Another dimension, *special cost center* (11), is included for use as needed. In addition to being used as a cost center for special projects, it can be used as a dimension for target groups, such as migrants, dropouts, or the blind, (if not recorded in the program dimension), and as a particular area for cost accumula-

[2] John F. Putnam and W. Dale Chismore, *Standard Terminology for Curriculum and Instruction in State and Local School Systems,* State Educational Records and Reports Series: Handbook VI. U.S. Department of Health, Education, and Welfare, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 1970. $3.00

[3] Allan R. Lichtenberger and Richard J. Penrod, *Staff Accounting for Local and State School Systems.* Washington, D.C.: U.S. Government Printing Office, 1966. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook IV, Bulletin 1965, No. 18.

tion, such as girls' basketball, golf, senior trip, or field day. A segment of an existing program cost center may be separated into a special cost center to be evaluated.

It is not suggested or implied that LEAs must use all these dimensions in their accounting system, but they are defined and presented for use when practicable. Their importance varies from LEA to LEA but their use is essential for comparability.

Recognizing that the logical relationships of dimensions have been stated, the following essential reasons for their inclusion are repeated for emphasis. The first three, (*fund, object,* and *function*) are required by law in some States and by administrative decisions in others. They are needed by the fiscal agent for full disclosure and fair presentation of revenues and expenditures. *Operational unit,* number 4, is important to each level of fund appropriations, in that it permits differentiation of program costs among individual schools as well as individual operating units. It is of considerable worth to those States administering programs for building construction. The *program* dimension, number 5, is to be used for programs as determined locally. This dimension is useful in accumulating costs of evaluating programs.

The sixth dimension, *source of funds,* has considerable worth; that of identifying fund providers for all appropriating agencies. *Fiscal Year* identification, number 7, assists managers in keeping track of expendable funds for programs which span more than one fiscal year. Dimensions 8, 9, 10, and 11 (*instructional organization, assignment, term,* and *special cost center*) have marked significance for local officials in accumulating costs by programs and subprograms by individual units.

Consequently, in keeping with the above rationale and to promote comparability throughout the educational community, it is imperative that officials in each LEA record financial transactions in at least each of the first seven dimensions. These dimensions are:

1. Fund
2. Object
3. Function
4. Operational Unit
5. Program
6. Source of Funds
7. Fiscal Year

TABLE 4—*Dimensions for Fund Transactions for Each LEA*

| Fund | Object | Function | Operational Unit | Program | Source of Funds | Fiscal Year |
|---|---|---|---|---|---|---|
| 1 General Fund<br>2 Special Rev.<br>3 Debt Service<br>4 Capital Project<br>5 Food Service<br>6 Pupil Activity<br>7 Trust & Agen.<br>8 Fixed Assets<br>9 Long-Term Debt | 1 Salaries<br>2 Employee Benefits<br>3 Purchased Services<br>4 Supplies & Materials<br>5 Capital Outlay<br>6 Other Obj.<br>7 Transfers | 1000 Instruction<br>1100 Regular Programs<br>1200 Special<br>1300 Adult/ Cont. Ed.<br>2000 Support Services<br>2100 Pupil Support<br>2200 Staff Support<br>2300 General Admin. Support<br>2400 School Admin. Support<br>2500 Business Support<br>2600 Central Support<br>3000 Community Services<br>4000 Nonprogramed Charges<br>5000 Debt Services | 001 Friedley Elem.<br>501 McLune Middle<br>701 Jones High<br>751 Chismore Voc-<br>781 Curtis Jr. Coll.<br>901 Central Adm.<br>911 Main Warehouse<br>921 Main Bus Garage<br>990 -- | Broad Based Goals<br>and<br>Subject Matter<br>and<br>Type of Pupils<br>Combined with<br>Level of Instr.<br>or<br>Age of Learner | 1 Local<br>2 Intermediate<br>3 State<br>4 Federal | 0 1969-1970<br>1 1970-1971<br>2 1971-1972<br>3 1972-1973<br>4 1973-1974<br>5 1974-1975 |

The remaining four dimensions are suggested principally for purposes of more effective management of educational activities and will promote comparability in recording and reporting financial information. The four dimensions are:

8. Instructional Organization
9. Assignment
10. Term
11. Special Cost Center

TABLE 5—*Dimensions to be Included for Fund Transaction*

| Instruction Organization | Assignment | Term | Special Cost Center |
|---|---|---|---|
| 1 Elementary School | 1 Official/Administrative | 1 Fall—Day | 01 Girls' Basketball |
| 2 Middle/Junior High | 2 Professional-Educational | 2 Fall—Evening | 02 Drug Abuse |
| 3 High School | 3 Professional-Other | 3 Winter—Day | 03 Special Project |
| 4 Adult/Continuing Education School | 4 Technical | 4 Winter—Evening | 99 Other Special Project |
| 5 Junior College | 5 Office/Clerical | 5 Spring—Day | |
| 9 Other School | 6 Crafts and Trades | 6 Spring—Evening | |
| | 7 Operative | 7 Summer—Day | |
| | 8 Laborer | 8 Summer—Evening | |
| | 9 Service Work | | |

## UNITS OF MEASURE

Certain useful conventions or measures have been adopted in professions, business, government, and other organizations, indicating from time to time their status or progress. These standard measures and ratios generally provide indicators of conditions.

Measures and ratios in education generally are derived by combining statistical elements from data files of pupils, staff, curriculum, property, and community. Examples are: average daily membership, pupils per classroom, pupils per teacher, square foot of space per pupil, teaching workload, optimum size of school, and average achievement score of pupils.

Measures described and defined in this section include: (1) current expenditures; (2) operating costs; (3) building *use* cost; (4) equipment *use* cost; and (5) some techniques for educational evaluation.

1. *Current Expenditures.* Current expenditures are defined as the total charges incurred for the benefit of the current fiscal year, whether paid or unpaid. They include all expenditures less capital outlay and debt service. Current expenditures for all programs (instructional and supporting) are derived by adding the accumulated cost of

Function 1000 (Instruction)
Function 2000 (Supporting Services)
Function 3000 (Community Services)
Function 4000 (Nonprogramed Charges)

Less

Function 2530 (Facilities Acquisition and Construction Services)
Function 4300 (Transfers of Funds)
Object 540 (Equipment)
Object 550 (Vehicles)
Revenue 1600 (Food Services)
Revenue 1700 (Pupil Activities)

Current expenditures for regular programs and special programs *only* would be calculated in the same manner, except the *total* cost of adult/continuing programs and community services programs would be subtracted. (The total cost includes the direct cost plus the prorated indirect costs of these programs.) Similarly, the current expenditures for regular or special programs separately can be excluded from total current expenditures, or calculated individually by including only those categories applicable.

*Current expenditure per pupil* is a measure of long standing, indicating, to some extent, community effort. It was adopted when general or basic education comprised most of the educational curriculum. The extension of the schoolday and school year to include special education, occupational education, adult/

continuing education, and community services in evening and summer sessions has tended to make less valuable the per-pupil cost measure. The reason is that the units being compared are less alike.

The units to be compared in determining per-pupil expenditures are:

(1) The types of activities for which expenditures are made; i.e., activities which require varied mixes of resources per pupil (lecture method versus laboratory method of instruction).
(2) Length of time pupils are in session; i.e., 6 hours per day for regular day session versus 3 hours in the summer session or 3 hours in the evening session.
(3) The pupil unit of measure; i.e., average daily membership, average daily attendance, enrollment, or other.

As the three types of units above approach similarity the per-pupil expenditure measure has meaning. The per-pupil expenditures for an elementary school have value when comparing them to another elementary school, but those of a secondary school in which there exists only a program for preparing pupils for postsecondary education are not comparable to those in a school which prepares pupils only for immediate employment. Similarly, the per-pupil expenditures of a LEA where the programs consist of elementary and secondary education are not comparable to those in a LEA which, in addition to the above programs, has adult/continuing education programs. Therefore, it becomes important to specify the programs for which the per-pupil expenditures are made.

In this handbook, for purposes of comparability and to indicate LEA effort, it is recommended that average daily membership be used in computing per-pupil expenditures and that, when using them without reference to particular programs, they be computed for elementary and secondary education only in regular day session.

The procedure for computing the current expenditures per pupil for a LEA, then, would be to sum all current expenditures, defined above, for elementary and secondary education in the regular day session (subtracting the expenditures for all other programs and their prorated share of the support programs) and divide the sum by the average daily membership for the year.

When computing the per-pupil expenditures for a segment of the LEA programs, such as elementary education, it is important to include all costs, prorated indirect costs and direct costs. In other words, those indirect costs of elementary education; operation and maintenance, pupils' support services, staff support services, and others; must be included. This procedure is discussed in chapter 6.

Per-pupil expenditures computed on this basis and including the same factors can have validity, and can be useful for comparison purposes. The factors used and the basis for their computation should be described to assure that comparisons are not misleading.

In the formulas below current expenditures means the direct expenditures of the programs plus their share of the prorated costs of the support programs.

Current expenditures per pupil can be calculated for each segment of programs by dividing current expenditures of those programs by the average daily membership of the pupils in those programs.

The following formulas may be used in computing current expenditures per pupil:

(1) $CEP\ (ES) = \frac{CE}{ADM}\ (ES)$ Where

CEP = Current Expenditures Per Pupil
ES = Elementary Secondary
CE = Current Expenditures
ADM = Average Daily Membership

(2) $CEP\ (R) = \frac{CE\ (R)}{ADM\ (R)}$ Where

R = Regular Programs

(3) $CEP\ (S) = \frac{CE\ (S)}{ADM\ (S)}$ Where

S = Special Programs

(4) $CEP\ (A) = \frac{CE\ (A)}{ADM\ (A)}$ Where

A = Adult/Continuing Programs

(5) $CEP\ (CS) = \frac{CE\ (CS)}{ADM\ (CS)}$ Where

(CS) = Community Services

Current expenditures per pupil for regular and special instructional programs only include:

CEP (RS) = Function 1100 (Regular Programs)
Function 1200 (Special Programs)
Function 2000 (Supporting Services)

Less

Function 4300 (Transfers of Funds)
Function 2530 (Facilities Acquisition and Construction)
Function 2000 (That Portion of Supporting Services Prorated to Function 1300 Adult/Continuing Programs and 3000 Community Services Programs)
Revenue 1600 (Food Services)
Revenue 1700 (Pupil Activities)
Object 540 (Equipment)
Object 550 (Vehicles)

Divided by

ADM (RS) Average Daily Membership) Where
RS = Regular and Special Programs

2. *Operating Cost.* The term "Operating Cost," as defined here, is new to the field of education and means the total cost (direct cost, plus indirect cost, plus the *use* cost of buildings and equipment) of all programs or activities for the current school fiscal year. In calculating the *use* cost, an operating cost or depreciation cost schedule is maintained, not in the regular accounts but *as memorandum accounting.* This provides a yearly rate for which the cost of using buildings and equipment may be allocated to the operation of the LEA's activities or programs. The method or schedule suggested for establishing these yearly operating or *use* costs is described below.

If depreciation costs are to be calculated, a schedule should be established for depreciating buildings and equipment by individual units, that is, for each

Figure 1. *Capital Assets and Depreciation Schedule*

| Buildings | (1) Original Cost | (2) Depreciation in Previous Years | (3) Balance of Cost Remaining | (4) Life in Years | (5) Life Remaining | (6) Depreciation Current Year | (7) Depreciation Remaining |
|---|---|---|---|---|---|---|---|
| 01 | | | | | | | |
| 02 | | | | | | | |
| 03 | | | | | | | |
| 04 | | | | | | | |
| Transportation Equipment | | | | | | | |
| Bus No. 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| Other Equipment | | | | | | | |
| List | | | | | | | |
| " | | | | | | | |
| " | | | | | | | |
| Land Improvement | | | | | | | |
| List | | | | | | | |
| " | | | | | | | |
| Land | | -0- | | -0- | -0- | -0- | |
| TOTALS | | | | | | | |

building and piece of equipment or group of pieces, if they are alike and purchased in a group (such as typewriters, chairs, desks). A suggested schedule is shown in figure 1, which is an adaptation of the schedule used by the Office of the Superintendent of Public Instruction of the State of Illinois.

Buildings and equipment should be depreciated on a straight line basis for a period of time corresponding to their life expectancy. They may be remodelled or repaired, or equipment may be traded for newer equipment of the same type or of a different type. In each case the cost of remodelling or repair should be considered in the depreciation schedule. Significant remodeling of a building, in the long run, will extend its life and will increase the amount to be recovered. The extended life as well as the increased value of the building should be included in the depreciation schedule. The following formula is used for determining the extended life of a building when substantial improvements or remodeling is done, and the new yearly recovery rate can be calculated when the extended life is determined. (The ratio 4/13 produced, through trial and error, the most reasonable behavior when additional costs were applied to extended life of a building.)

$$TD = 4\,\frac{\left(\frac{I}{OC} + \frac{T}{L}\right)}{13}$$ Where

TD = Ratio of extended time (life) to the original depreciation period

I = Improvement cost

OC = Original cost

T = Lapsed time in years between construction and remodeling and/or between the first and second remodeling. T has a minimum of 15 years and a maximum of 25 years.

L = Life expectancy of the building

$\frac{I}{OC}$ = Ratio of remodeling cost to the original cost

$\frac{T}{L}$ = Ratio of lapsed time to the original depreciation period

An example: Building No. 1 was constructed in 1950 at a cost of $1,314,000 and was remodeled in 1969 for $262,500. The life expectancy of the building is 50 years. The ratio of extended time to the original depreciation period or TD is compiled as follows:

(1) $$TD = 4\,\frac{\left(\frac{I}{OC} + \frac{T}{L}\right)}{13}$$

(2) $$= 4\,\frac{\left(\frac{262,500}{1,314,000} + \frac{19}{50}\right)}{13}$$

(3) $$= 4\,\frac{(.1998 + .38)}{13}$$

(4) $$= .18 \text{ or } 18\%$$

18 percent of 50 = 9 years, which is the extended term for depreciation. To arrive at the rate of depreciation for the remaining years, note:

$\frac{OC}{50}$ = original amount depreciated yearly = $26,280.

Yearly depreciation multiplied by 19 years, lapsed time from construction to remodeling, = $499,320 which is amount already recovered at the time of remodeling. Subtract $499,320 from $1,314,000 = $814,680 which is amount yet to be recovered on the original building. Adding remodeling cost of $262,500 to the amount to be recovered gives a total of $1,077,180, the new value of the building. The remaining life of the building (50 – 19 + 9) is 40 years and $26,929.50 per year is to be depreciated. Reference to equations 3 and 4 indicates remodeling of building at the rate of .1998 or 20 percent of the cost of the building will extend its life 18 percent or a ratio of 10 to 9.

An additional improvement of $150,000 in 18 years would extend the life of the building 7.3 or 7 years according to the same formula

$$TD = 4\,\frac{\left(\frac{I}{OC} + \frac{T}{L}\right)}{13}$$

and the yearly depreciation rate would be $25,601. The recovery rate has changed very little but the ratio of cost to extended life in this case is 11 to 7.

To arrive at the *Current Operating Cost* of the total LEA program, add the accumulated costs of

Function 1000 (Instruction)
Function 2000 (Supporting Services)
Function 3000 (Community Services)
Function 4000 (Nonprogramed Charges)
Column 6 (Depreciation for Current Year)

Less

Function 2350 (Facilities Acquisition and Construction
Function 4300 (Transfers of Funds)
Revenue 1600 (Food Services)
Revenue 1700 (Pupil Activities)
Object 560 (Equipment)
Object 550 (Vehicles)

This is the Current Operating Cost of all programs for the total fiscal year, including summer school. The current operating cost of the fall and spring terms only and the Regular and Special Programs only would exlude Adult/Continuing Education Programs (1300), Community Services Programs (3000), and summer school which is designated Summer Term–Day and Summer Term–Evening.

Current operating cost for regular and special programs for the fall and spring term include:

Function 1100 (Regular Programs)
Function 1200 (Special Programs)
Function 2000 (Supporting Services)
Function 4000 (Nonprogramed Charges)
Column 6 (Depreciation for Current Year)

Less

Function 2530 (Facilities Acquisition and Construction)
Function 4300 (Transfers of Funds)
Revenue 1600 (Food Services)
Revenue 1700 (Pupil Activities)
Object 540 (Equipment)
Object 550 (Vehicles)

And prorated portion of Supporting Services and Depreciation for Adult/Continuing programs, Community Services programs, and Summer Term programs.

3. *Building Use Cost.* This is the cost of using a building for a fiscal year, the same as the yearly depreciation allowance described earlier. The building use cost or building operating cost for a year is determined by dividing the original cost by its life expectancy, or

$$BUC = \frac{OC}{L} \text{ Where}$$

BUC = Building Use Cost
OC = Original Cost
L = Life Expectancy

The total building *use* cost for a LEA is derived by adding the yearly depreciation allowances (column 6) for all buildings. Individual schools and operating units are housed generally in a group of buildings on a building site. To determine the building use cost for an individual school, add the yearly depreciation allowance for each building on the school site. Formulas for deriving *space* use cost for portions of a building are described and illustrated in the chapter on Proration and Indirect Costs.

4. *Equipment Use Cost.* This is the cost of using a piece of equipment for a fiscal year, the yearly depreciation allowance for that equipment, if it has a life expectancy of more than one year. Instead of charging the total cost of a piece of equipment to a function or program at the time of purchase, the depreciation allowance is charged. For example, a piano for a music class would be charged to Capital Outlay, equipment, and the yearly depreciation allowance would be entered as the operating cost of *Instruction,* Regular Programs, Music, for each fiscal year. If after a few years a substantial percentage of the original cost is spent on repair, the life of the equipment might be extended. Use the same formula for extending the life of equipment as that given above for extending the life of a building, except the value of T is not limited.

The remaining depreciation on equipment traded-in should be transferred to the replaced equipment. The remaining depreciation on equipment sold is dropped. The revenue received from equipment sold is set aside for future purchases.

Following is a formula for determining the new cost to be depreciated on trade-in equipment:

NC = RD + MV - TI, Where
NC = New Cost (to be depreciated)
RD = Remaining depreciation to be recovered
MV = Market Value of new equipment
TI = Trade-in value received.

An example: A piano costing $5,000, with a life expectancy of 5 years, is depreciated at the rate of $1,000 yearly. It is traded for a new piano with a retail price of $6,000, during the fourth year, for a difference of $3,000. The remaining depreciation for the new piano is calculated:

NC = RD + MV - TI

New Cost = $1,000 + $6,000 - $3,000

New Cost = $4,000

Therefore, the new piano should be depreciated at the rate of $800 per year.

5. *Techniques for Educational Evaluation.* To this point, individual measures or ratios have been identified and defined but emphasis is now directed to some techniques for measuring the results of education in relation to its resources. The concept that alternate mixes of resources produce varied results is being tested in various LEAs. Some techniques for analyzing the results of these alternatives are being tested also. Even though some techniques may need further modification and refinement, putting them to use as they are now enhances their chances for improvement.

Experience with refined techniques will increase their value to decisionmakers in several ways. They may be used to predict or plan for immediate needs or long-range activities as well as to measure the effectiveness of various processes. Because resources must be purchased, and funds, many times, are in short supply, the techniques are appropriate financial tools to be included in this manual.

a. *Accountability* is a relatively new concept that is virtually certain to receive increased emphasis in the years ahead. The term implies responsibility, value received for funds expended, or money's worth. Accountability may be defined as "evidence of fulfilling a measurable responsibility assigned under certain conditions and constraints." (This is a slight modification of the definition in Handbook VII.)

   The measurement aspects of accountability currently are being explored. In assessing the concept, cognizance of goal fulfillment in relation to resources provided is the evolving theme.

b. *Accreditation* is not a new term. Most State departments of education accredit LEAs within their respective States and have various standards toward which schools strive. Qualifying as an accredited school is important and in most States is a motivating factor in improving the quality of schools.

   Accreditation standards, until recently, have not emphasized fulfillment of goals. Some LEAs are being asked to develop procedures for accreditation which are goal oriented. The principles of accreditation standards, including the concept of accountability and State funds being used as incentives, imply the use of system techniques for financial accounting.

c. *Operations Analysis* has come into increasing use as a tool for management in education. It is an analysis of operations with heavy reliance on the generation of mathematical models that may describe appropriately key factors or variables and relationships between them. It is a rational search for optimum solutions to problems. According to the Commission of Administrative Technology of the American Association of School Administrators, such applications are being made in food service management, transportation administration, utility-cost resource allocation, student scheduling, space utilization, and Program Evaluation and Review Technique (PERT) in the construction field. For details of their use, see the Commission publication.[4]

d. *Cost effectiveness* (resources effectiveness) implies somewhat the same concept as accountability; i.e., the relationship of resources, process, and goal fulfillment. Effectiveness implies impact or influence of one thing on another. Objectives are established to fulfill goals, and goals are fashioned to provide benefits. When measurable objectives are finally defined, various resource mixes to fulfill them are priced. The cost effectiveness ratio is best when the optimum mix is attained. According to Handbook VII,[5] "Cost effectiveness analyses are designed to measure the extent to which resources (costs) allocated to a specific objective under each of several alternatives *actually* contribute to accomplishing that objective so that different ways of gaining the objective may be compared."

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[4] Stephen J. Knezevich, Editor. *Administrative Technology and the School Executive,* submitted by the Commission of Administrative Technology, American Association of School Administrators, 1201 16th St., NW., Washington, D.C., 1969.

[5] Yeuell Y. Harris and Ivan N. Seibert, *The State Education Agency,* State Educational Records and Reports Series: Handbook VII. U.S. Department of Health, Education, and Welfare, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 1971. $1.75.

A simple illustration is to determine the cost effectiveness ratios resulting from an experiment, over a period of time, dealing with five separate resource mixes of the instructional process for five groups of pupils. Cost effectiveness is determined by dividing the average increase in test scores, by the cost per pupil and by the number of weeks. Thus,

$$\text{Cost effectiveness} = \frac{\text{Average increase in test scores}}{\frac{\text{Total cost per pupil}}{\text{Total weeks}}}$$

$$CE = \frac{S}{\frac{C}{T}} \quad \text{Where}$$

CE = Cost Effectiveness

S = Average Increase in Test Scores

C = Total Cost (salaries, supplies, space per pupil, etc.)

T = Time in Weeks

Illustrating the example further, suppose at the end of the experiment

| Mix | Average Increase | | Cost $/pupils/weeks | | CE Ratio |
|---|---|---|---|---|---|
| 1 produces | 80 | at | 25 | for a | 3.20 |
| 2 | 80 | | 40 | | 2.00 |
| 3 | 90 | | 42 | | 2.14 |
| 4 | 80 | | 75 | | 1.07 |
| 5 | 90 | | 30 | | 3.00 |

From the above analysis mixes 1 and 5 have precedence over 2, 3, and 4. In other words, mixes and processes 1 and 5 are better than the others, assuming all other variables were constant.

This example is used for illustrative purposes only. Educational phenomena are not easily controlled for comparative purposes. The educational manager must determine not only the mix but the amount of resources to allocate to various programs within a particular school and also to the various schools. Other major decisions must be made involving choices within programs as well as between programs. Examples of some choices are: to employ an additional counselor versus employing an additional band director or curtailing luxuriant aspects of programs in favor of providing more resources for the essential ones. Some attempts are being made to set up performance criteria models for these types of decisions and further research and exploration perhaps will produce usable formulae to help solve these problems.

In summary, there are measures and ratios which have been used readily in accounting heretofore, such as current expenditures per pupil and square foot cost of a building. Other measures and ratios are more current, however, and may prove to be valuable. Current operating cost, the total cost of operating the LEA, has great value if its standardization can be attained. Other conventions or ratios and techniques are emerging and have been mentioned for emphasis; accountability, accreditation, operations analysis, and cost effectiveness analyses. Accordingly, the practice of allocating costs on the basis of value received in education is emerging and these measures will assist that practice.

## IMPLICATIONS OF FINANCIAL ACCOUNTING FOR PROGRAM ACCOUNTING

The trend toward LEA management and operation by objectives has been a major consideration in the development of this handbook. Arrangements of the various accounting dimensions are designed to facilitate an extension of object-function accounting to program accounting.

It is not the purpose of the manual to delineate programs to be adopted by LEAs. When programs are identified by a LEA, however, its system of finance records should logically provide for program cost accounting.

### Program

A broad definition of the term *program* as it is used in the context of this manual is:

> A program is an endeavor of the LEA, mission oriented, described in terms of the activities and procedures required to achieve its stated purposes or objectives.

The entire operation of a LEA is, of course, a program. As treated here, however, programs are entities of LEA endeavor. They are entities which are

planned, scheduled, have allocated resources, are operated, and evaluated to accomplish effects or results.

## Program Selection

At the time of development of this handbook, no prevailing approach to program selection could be discerned. In general, however, LEA programs could be seen in three broad classifications: instructional or learning programs; supporting services programs; and community services programs. These are not suggested as restrictive categories limiting approaches to program delineation.

## Instructional Programs

Instructional programs are those entities of a LEA endeavor clearly and closely associated with teaching and learning. The most compelling factors in their selection are the needs of learners. If the purposes of management and operation are to be realized, needs of learners must be determined as capably as circumstances permit.

Instructional programs tend to be established and described in terms of:

1. Goals or purposes
2. Types of learners
3. Instructional levels
4. Subject matter.

1. *Instructional goals and purposes.* Instructional programs can be described in part according to the effects they are expected to produce. In broad classifications these may be: intellectual skills development, development of understanding of the environment, personal development, exploratory studies, preparation for entering further education, and preparation for an occupation.

These may be subdivided into more precise subcategories such as communication skills, computation skills, reasoning skills, culture, and life sciences.

Most instructional programs in LEAs have time durations extending beyond a single year. The development of pupils in reading competency for example, is an endeavor reaching over several years. In such instances, program planning, and scheduling of program activities, logically should be for these longer periods.

The program concept includes programs of short duration also. While these may be of a project nature, lasting for comparatively brief periods of time, they require planning, scheduling, resources, and accounting.

2. *Types of learners.* The characteristics of pupils or students served by programs will affect their composition. Examples are programs for regular pupils, gifted and talented pupils, mentally retarded, physically handicapped, emotionally disturbed and culturally disadvantaged pupils, or programs based on other characteristics of pupils. Programs may be further subdivided according to more specific pupil descriptions.

3. *Instructional levels.* Broad terms such as elementary, middle/junior high school, and high school are descriptive of instructional levels. Under these headings, more explicit descriptors are prekindergarten, kindergarten, lower elementary, and upper elementary. In turn, these may be subdivided according to traditional grade levels.

Many instructional programs are established in nongraded operations, placing emphasis on teaching and learning in accordance with pupil needs, capabilities, and progress, irrespective of grade levels as traditionally known. An indication of level of such programs is needed for management and operational purposes, serving in lieu of grade levels.

4. *Subject Matter.* Most instructional programs are characterized in part by the subject matter taught and learned. The program elements may be identified in terms of broad subject-matter areas such as mathematics or natural sciences, and may be subdivided according to more specific subject areas or subjects.

There may be other bases for ultimate instructional program selection beyond those submitted here. Identification of pupil needs, however, is basic to any approach. In practice, moreover, all of the bases for delineation of instructional programs are likely to be used. Subject matter, alone, for example, does not describe an instructional program, nor does the type of learner, alone. When, however, all the bases are taken together, all according to learner needs, the instructional program description takes on definite meaning.

In a LEA operation many instructional programs can be further delineated in terms of their respective

administrative units, the specific authorities for their operations, the sources of their funding, and the accounting mechanism through which their funds are expended.

### Supporting Services Programs

Those services which help make instruction and learning possible, but which are not directly associated with the teaching-learning circumstances, are referred to as supporting services. While their ultimate purposes are the same as the instructional programs they support, they are identifiable as having their own distinct purposes. Their delineation as programs is important in management, planning, scheduling, and budgeting.

Pupil transportation services offer a prime example of supporting services which may be regarded as a program. It is a LEA endeavor, with its own distinct purposes, and requires planning, scheduling, budgeting, accounting, and evaluation.

Supporting services programs which may be identified depends on the extent of such services offered by the LEA, and the requirements of management.

### Community Services Programs

LEAs may provide services which have the primary function of serving the community, and which are not classified as instructional or as supporting services but have purposes, and requiring planning, scheduling, and budgeting. The custody and care of children may be clearly delineated as a community program.

### Program Structure

In classifying LEA programs as instructional, supporting services, and community services, a design of structure is discernible. Instruction, alone, is a broad program. It can be subdivided into subprograms.

One approach is that of subdividing instruction into regular programs, special programs, and programs of adult education. Regular programs, in turn, can be subdivided into more specific programs such as basic education—elementary, preparation for postsecondary career, preparation for postsecondary nonbaccalaureate programs, and preparation for postsecondary baccalaureate programs. In turn these programs may be subdivided according to subject matter taught, possibly even to specific subjects.

The program structure is that set of categories which expresses in varying levels of detail the purposes of programs and shows how they and their purposes relate to each other and to the goals of the LEA. It provides a basis for more effective planning, scheduling, choices among alteratives, and communication than can be expected of traditional categories of LEA accounting. Program structure is primarily nonfinancial in nature.

### Budgeting and Accounting by Program

An extension of object-function accounting to encompass accounting by program is in keeping with a logical way of looking at how LEA monies are spent. It assumes that the same funds budgeted by traditional function categories may be shown in terms of the programs they are expected to finance. In a program budget, estimated costs are related to program purposes.

While this logic of program budgeting and accounting is sound, its operation in practical circumstances needs to be considered from several points of view.

There is the fact that the availability of funds has direct bearing on the programs a LEA may delineate and establish. When there is not enough money to meet all needs, program priorities must be determined. Here, considerations of a financial nature cannot be avoided in program delineation and adoption. Not only must the worthiness of program purposes be sufficiently understood, but, also, there must be funds to pay for their achievement. Estimates of costs of program operation become essential.

A structure of well planned programs, however, may reflect programs at their most explicit levels in such numbers that separate cost accumulation for each of them could be a very large undertaking. Such effort may not be justifiable in terms of benefits to management and operation.

At some workable levels in the program structure, program cost accumulation centers may be established in numbers that can be accommodated, and which will provide useful program cost information for management and accountability purposes.

With program cost accumulation centers, costs of programs at broader levels can be arrived at through adding the costs of their subprograms. Below the levels in the program structure where program cost accumulation centers are established, the costs of subprograms may be usefully estimated on numbers of logical bases.

Accumulating costs by program requires effort and resources which should be taken into consideration when program operations are planned. The number of program cost accumulation centers to be maintained by a LEA should be kept at a minimum consonant with the needs of management.

*Direct costs* of programs can be allocated to the respective cost accumulation centers, usually, at the time of recording expenditure transactions. In a program structure which includes instructional, supporting services, and community services programs, the total of direct costs of each program is likely to constitute a comparatively high percentage of all of the monies expended during any accounting period. Knowledge of direct costs of each program, and of all programs can serve management in many ways.

There are circumstances in which both direct and indirect costs, discussed in chapter 6, of a program need to be accumulated. This is often necessary in connection with grant-supported programs. An allocation of indirect costs to an instructional program, for example, has a basic logic. The total of all of the direct costs of such a program does not represent the total cost of its operation. A share of the cost of virtually all supporting services programs may be attributed to each instructional program.

A basis for allocating indirect costs to any program is usually an allocation plan by means of which shares of costs of programs which support it may be reasonably determined and included in the cost accumulation center for that specific program. Prorations and attributions of supporting services costs to an instructional program are based on familiar procedures treated in chapter 6.

## Program Categories

To offer some of the concepts of possible program categories, three examples are quoted from *Program Budgeting for School District Planning* (1972).[6] This book is a product of a significant research study of program budgeting as a means to more effective allocation of educational resources at the LEA level.

[6] Sue A. Haggart, Editor. *Program Budgeting for School District Planning*, A Rand Corporation Research Study, Educational Technology Publications, Englewood Cliffs, N.J. 07632, 1972. $9.95.

**Example (1)**

### CATEGORIZATION OF ACTIVITIES INTO PROGRAMS ACCORDING TO THEIR RELATIONSHIP TO EDUCATIONAL OBJECTIVES

**Instructional Programs Aimed at Providing a Basic Education to all Students**

1. Learning fundamental intellectual skills
   - 1.1 Language and communication skills
   - 1.2 Quantitative and reasoning skills
   - 1.3 Study skills
2. Learning about the world
   - 2.1 Learning about the U.S. and other societies
   - 2.2 Learning about the physical world and living things
   - 2.3 Learning about literature and the arts
   - 2.4 Learning knowledge and skills for everyday application
3. Development of the individual physically, socially, and emotionally
   - 3.1 Physical development
   - 3.2 Development of means of self-expression
   - 3.3 Development of interpersonal relationships

**Instructional Programs Aimed at Preparing Students for Specific Futures**

4. Learning knowledge and skills in preparation for future employment or occupational training (classified by occupation)
5. Learning academic subjects to prepare for higher education (classified by academic field)

**Direct Support of Instructional Programs**

6. Assessment, guidance, and counseling
7. Program development and evaluation
8. Instructional resource and media services

**Ancillary and Support Programs**

9. Auxiliary services to students
   - 9.1 Health services

9.2 Transportation
9.3 Food services

10. Community service programs
11. Operation and maintenance of physical plant and equipment
12. Provision of physical plant and equipment
13. Administration and general support

As the heading indicates, these are categorizations of activities into programs according to educational objectives. There are distinct parallels between the categorizations as shown, and the items in the function dimension presented in this handbook when they are applied in conjunction with subject matter areas.

As far as the instructional programs are concerned, in this categorization, there is no reference to instructional levels, or to types of learners. Arrangements of instructional situations with appropriate subject matter content selected according to practical instructional levels and types of learners would complete the program picture from this base of categorization of activities.

In the following, programs are categorized by types of pupils or students.

**Example (2)**

**A POSSIBLE CATEGORIZATION OF PROGRAMS BY TYPE OF STUDENT**

1. Regular Program (may be differentiated by ability levels)
2. Programs Differentiated by Environmental or Cultural Background of Students
   a. Culturally disadvantaged
   b. Non-English speaking
3. Programs for Students With Intellectual, Physical, or Emotional Exceptionalities
   a. Educable mentally retarded
   b. Severe mentally retarded
   c. Mentally gifted
   d. Physically handicapped
   e. Emotionally disturbed
   f. Other learning disorders or educational handicaps
4. Programs Differentiated According to Student Career Options and Capacities
   a. Programs for training in different occupations
   b. Programs to prepare for different areas of higher education
   c. General programs
5. Programs for Adults and Others Not in the Normal School Population
6. Programs Not Categorized by Type of Student

In this categorization, direct parallels with the function classification, Instruction, as presented in this handbook, can be noted. When this categorization of instructional programs according to types of pupils or students is merged with the categorization of activities into instructional programs according to educational objectives, a representation of instructional programs can be seen to take on more of a quality of completeness.

A third possible categorization of programs is exhibited below, this time by level of instruction.

**Example (3)**

**A POSSIBLE CATEGORIZATION OF PROGRAMS BY LEVEL OF INSTRUCTION**

1. Preschool Programs
2. Kindergarten
3. Elementary Education–Lower Grades

   Grade 1
   Grade 2
   Grade 3

4. Elementary Education–Upper Grades

   Grade 4
   Grade 5
   Grade 6

5. Junior High School Education

   Grade 7
   Grade 8
   Grade 9

6. High School Education

   Grade 10
   Grade 11
   Grade 12

7. Junior College Education

   Grade 13
   Grade 14

0. Programs Not Categorized by Level of Instruction

In this presentation, a categorization of programs by level of instruction is set forth, simply and directly. When this categorization is combined with that of instructional programs by types of pupils or students, and with the one of programs by educational objectives, there is a sound and logical basis for program delineation and program structure in terms of the circumstances in which the programs exist and operate.

The three views of program categorization presented are of help as LEA programs and program structures are developed.

The product of the Research Corporation of the Association of School Business Officials of the United States and Canada, *Educational Resources Management System*, June 30, 1971 (2424 West Lawrence Ave., Chicago, Ill. 60625; price $7.95 per copy, plus 50 cents handling charge),[7] represents another major effort to conceptualize the program approach. It is a publication worth study on the part of people considering education program planning, budgeting, and accounting. The book contains a *program structure* illustrating a concept of how services and subject matter, taken as *program elements*, are parts of subprograms, which, in turn are parts of major programs.

The major programs identified in *Educational Resources Management Systems* are:

- Intellectual Skills Development
- Understanding the Environment
- Personal Development
- Exploratory Studies
- Preparatory/Postsecondary Education
- Preparatory/Postsecondary Employment
- Management
- Educational Media Services
- Facilities Services
- Pupil Services
- Community Services

The structure is extensive and is not presented in its entirety in this handbook. The following shows how the one major program, Intellectual Skills Development, is divided into subprograms, and, eventually to the program element.

This exhibit is shown to illustrate *program structure*. This is complementary to the examples of program categorization as shown earlier in which levels of instruction, types of learners, and purposes of programs are taken into account more specifically.

| *Program* | *Subprogram* | *Program Element* |
|---|---|---|
| Intellectual Skills Development | Communication Skills | Listening |
| | | Oral |
| | | Reading |
| | | Writing |
| | | English |
| | | Additional Languages |
| | | Spelling |
| | | Handwriting |
| | | Etc. |
| | Computation Skills | Number Skills |
| | | Mathematics |
| | | Problem Solving |
| | | Etc. |
| | Reasoning Skills | Deductive |
| | | Inductive |
| | | Problem Solving |
| | | Etc. |

In this handbook, still another illustration of program structure is submitted. It is shown, not to suggest a sharp delineation of programs, but to exhibit the nature of program "pyradmiding" by "levels." (The "levels," as treated here, are not to be confused with *instructional levels*.)

The structure begins at level 1 with the LEA as a program. At level 2, there are four major subdivisions: Instruction, Supporting Services, Community Services, and Nonprogramed Services. (The latter, Nonprogramed Services, is not a program in a strict sense, but is included for purposes of accounting for expenditures such as outgoing transfers which do not relate to programs of the LEAs.)

Instruction is then again subdivided into instructional programs at level 3. These subprograms are Regular Programs, Special Programs, and Adult/Continuing Education Programs.

At level 4, the third-level breakout, Regular Programs, may again be subdivided into basic education according to "instructional levels" such as Elementary or Secondary, and to more explicit levels if necessary: Preparatory, Postsecondary Employment and Preparatory, Postsecondary Education.

[7] Charles W. Foster, ed., *Educational Resources Management System*, Research Corporation of the Association of School Business Officials, Chicago, Ill. 60625, 1971. $8.45

A Type of Program Structure

Similarly, at level 4, the broad program, Special Education, may be subdivided into more strictly defined programs such as for gifted and talented, handicapped, and culturally different.

In the same manner, at level 4, the broad program, Adult/Continuing Education, may be subdivided into more specifically delineated endeavors such as basic adult, advanced adult, occupational, special interest, and life enrichment programs.

At level 5, each of the program delineations can be broken out into more explicit program elements descriptive of subject matter areas, and, if desired, to level 6, in specific subprograms described according to subjects or courses.

(At some points in this kind of structure, cost accumulation centers can be established.)

In the same manner that the second-level, major program area, Instruction, may be subdivided to successively more sharply delineated programs, Supporting Services may be subdivided to more precisely identified programs.

Similarly, Community Services may be subdivided into subprograms as necessary.

In this schematic, for instructional programs, the emphasis is on structure. At the same time, however, types of learners, instructional levels, and subject matter are taken into account. The structure does not allude to instructional program purposes, nor is it offered as exemplary as far as program delineation is concerned. It is presented as an illustration of how programs may be viewed in a structure from broad program areas down to more definitive programs through a series of levels to a point where endeavors can be seen in relation to LEA goals and purposes.

## IMPLICATIONS OF FINANCIAL ACCOUNTING FOR INFORMATION SYSTEMS

The Educational Records and Reports series of the Office of Education, the handbook series, provides standard terminology for the various statistical data fields of education, such as finance, pupil, staff, curriculum, property, and community. This handbook, in addition to providing a standard chart of accounts for finance, provides an interface with data elements in the other fields, by displaying the various field classifications (dimensions) in such manner as to indicate how they relate to a particular activity or program. In doing this, the program activity can be related to cost for evaluative purposes.

These dimensions (function, object, fiscal year, fund, program, source of funds, operational unit, etc.) and their subclassifications are listed separately and are not tied together in any systematic manner, i.e., systematized. They can be so arranged, however, into information systems. This will be expanded upon later in this section.

In an educational setting, an information system can be defined as a network of communication channels (voice, digital, etc.) which acquires, processes, stores, retrieves, and redistributes data used in managing the educational process and in supporting the individual and collective decisionmaking process. In Handbook VII,[8] a system is defined as "an orderly arrangement of data and procedures which will produce any desired interrelationship or summation which may be pertinent to recording or decisionmaking."

The techniques for operating a system are the same regardless of whether it is manual or electronic. The data derived from these dimensions can be arranged in an orderly manner either manually or electronically as appropriate for each user. They can be communicated vocally, written, or electronically.

As stated earlier, the dimensions are presented as standards but are not organized into a system. Ordering the dimensions into a system means merging those which are more closely related into a single code or nomenclature. For example, *function, program, instructional organization,* and *operational unit* can be merged into one single entry or file. Those dimensions might be coded as follows:

Function, 1100 – Regular Programs
Program, 05 – English Language Arts
Instruction Organization, 10 – Elementary
Operational Unit, 07 – Johnson School

These can be combined into the code number 11051007 for an English Language Arts program (a Regular Program) in Johnson Elementary School. Further, systematizing the *course* could be done by designating the particular English Language Arts class into 0504, Composition. The code then becomes 1105041007, Composition in the Johnson Elementary School. Additional coding could be included to designate the age or grade of pupils in the composition class.

[8] Yeuell Y. Harris and Ivan N. Seibert, *op cit.*

This much detail seldom will be needed for cost purposes but could very well be useful in activity evaluation.

Should programs be established around broad goals, say a program based upon Communication Skills, the system would list the number of the program in lieu of the one for English Language Arts. Suppose Communication Skills were coded 1 and a subprogram was Oral Expression Skills 13, the code and designation would be 1131007, Oral Expression Skills in Johnson Elementary School.

In this illustration, pupils are identified as regular elementary, but in special education, programs could be identified according to their dissimilarity—mentally retarded, culturally different, etc.,—according to the program code. The facility or space in which the program is located could be identified by code designation such as 089201, where 08 is the school site, 9 is the building number, and 201 is the room number.

The teacher is identified on the payroll record by social security number and is linked to the program and space by accessing the schedule file. At the beginning of the year a record is made on each class establishing a basic program file or schedule file for referencing. A class card is filed showing number and type of pupils, program name and code, teacher name and social security number, assignment and corresponding code, instructional organization and school with code, individual building number and room number, class period of the day, and term of the year. The class card is filed under a subprogram, say Drama, which is a subprogram of Oral Expression Skills which is a subprogram of Communication Skills.

The total salary of the teacher of the Communication Skills program would be provided by the payroll officer and would be entered into the program file as cost at the end of the year. Supplies would be requisitioned by the teacher and ordered by the purchasing officer. Following is an example of the procedural applications for requisitioning a recording machine. The requisition form would show the following information: Program for which requested, Communication Skills; description, recording machine; approximate price, $62.50 (to be verified when received); date, September 30, 1972; and school, Johnson (if it is to be used in Johnson school exclusively). Copies of the requisition would be stored in the financial file and in the program file under Communication Skills. The teacher payroll file would be kept intact until the end of the year at which time the total salary of each teacher, prorated, would be allocated to the respective programs. These are the procedures for systematizing direct costs. The procedures for treating indirect costs will be explained in the chapter on Indirect Costs and Proration.

Total salaries on the payroll tape would be transferred to the program tape at the end of the year or periodically as needed. The same procedures would apply in an electronically controlled system, the only exception being that indirect expenses would be prorated, in some cases, at the time of requisition.

In summary, the dimensions are treated separately expressly for the purpose of showing their discreteness and at the same time their relationship to each other. This illustrates a portion of a program information system; i.e., the financial aspect. The dimensions, other than finance, are included to suggest a complete program information system.

## IMPLICATIONS OF FINANCIAL ACCOUNTING FOR ANALYSIS

In the foregoing section various types of statistical data elements were enumerated along with suggested files for storage. In this section emphasis is placed on uses to be made of these data through analysis or an examination of the relationships of these data elements.

*Institutional Use* will vary but many LEAs have statistical staff to do special studies and to analyze local data for special purposes. Each of the techniques described above requires special mathematical competencies. Operations analysis, one of the techniques, is used to indicate relationships of variables for optimum results. It is valuable for determining alternatives in program planning for maximum effectiveness.

Analysis of LEA data is becoming increasingly important for local managers, especially in the area of meeting requirements for accreditation as the concepts of accountability and effectiveness become important terms in accreditation standards. Another concern is the desire to reduce costs of various operations, such as food services and building utilization. A simulated model for procedures and processes for serving food is an example of such analysis. Determining the maximum utilization of existing space is an example of an analysis exercise.

In addition to the task of keeping records, some degree of analysis is necessary when comparing costs of operating individual schools. In addition to instruc-

tional costs, which include cost of supplies, there are costs for housing pupils, costs for replacing equipment, staff longevity and tenure factors, and pupil/teacher/teacher aide/equipment ratios or mixes. Each of these types of functions may be included in the analysis.

Important in another respect is community support (resources) in relation to ability of the LEA. The ability to support education is measured according to some average or standard established by the State or some other agency. Compiling status reports is the function of analysts.

With finances sometimes in short supply, school managers, boards of education, and interested citizens are faced with setting priorities in programs and facilities. Decisions regarding facilities include their utility and esthetic value, the number of square feet needed for an educational activity, and the size, utility, and landscape value of the site.

Determining the cost of a program to fulfill one objective versus all others; i.e., the priority of objectives, in relation to the cost of the respective programs is an analytical problem. Decisions called for in the above problematical situations require a high degree of sophistication in analytical competencies.

*Extrainstitutional Use* of standard data for analytical purposes is important. Analysts, public and private, play an important part in charting the course of education. Analysts at all levels of education search out critical data, prepare reports, and furnish background information for important decisions for appropriating and budgeting for programs, and establishing priorities among all public affairs in view of educational needs. Analysts in educational supporting businesses and industries rely heavily on these types of data in preparing decisionmaking reports. Summary and detail data reach economists, social scientists, lawyers, and philosophers to be analyzed in many ways and for numerous purposes. In other words, the ability to retrieve programmatic data about education is of no little consequence in the future course of education in the Nation.

In substance, the handbook serves as an instrument for establishing data elements which may be stored for meeting the highly technical and analytical financial needs of program information systems.

## IMPLICATIONS OF FINANCIAL ACCOUNTING FOR REPORTING

Previous to this section, emphasis was on the value of this handbook to managers, planners, accountants, and other support staff such as statisticians and analysts in identifying and defining portions of the program information system for LEAs. That purpose of the handbook is very important, but another aim of equal import is its provision of a standard terminology for reporting educational information to and for its various users.

For social phenomena to be evaluated, benchmarks must be established. The language and terminology used to set the marks and to measure the course of events should be common to each assessing agency, whether it be local, State, or Federal. The common language or data used in these measurements must of necessity, come from a record which is retrieved and assembled in some type of report. Hence, educational reports from whatever source and for whomever they are prepared, should be made from comparable data.

If the LEA, its officials and teachers, are accountable to the community, information which exemplifies the school's activities and their effectiveness must be communicated to the beneficiaries. For the school team to be effective, internal communication must be maintained. Communication among pupils, teachers, principals, and central administrative personnel must be clear and meaningful, regular and timely. One measure of the effectiveness of reports to planners, budgeters, evaluators, and analysts in a LEA is to facilitate their ability to communicate both internally and externally.

There are beneficiaries of LEA accountability outside the community as well as within. States have responsibility for education and need information on which to base judgments. They are charged by the legislatures with this responsibility which includes the operation of or supervision of the operation of its schools. Therefore, the LEA's information on which judgments are made, must be reported to them in common language.

The U.S. Congress has charged the Office of Education with the responsibility of keeping the Nation informed as to the condition and progress of education. This charge, along with responsibility of supervising some Federal programs in education, has created a need for some program information from each State. To evaluate the effectiveness of Federal programs, it is beneficial and almost necessary for the program managers at the Federal level to have "grassroots" or LEA information. In these instances, sample studies are made, calling on States to provide the necessary information as reported from the LEA. It is imperative that this information be reported to the Federal level in standard terminology.

The implications for the use of this handbook for standardized data elements to be used in making decisions are not in any way deemphasized when pointing up its value for reporting information to the various publics to which LEAs are accountable. As it is important to build information systems with a common language, it is equally important that communication with the lay public and professional officials be in the same terminology.

# Chapter 6

# INDIRECT COSTS AND PRORATION

The interest in prorating indirect costs or overhead to instructional programs has increased significantly in the past few years. The importance of these costs to education managers has been brought about chiefly by the need to develop cost allocation plans on the part of local officials in order to determine and recover the full cost of Federal programs. Another important reason for the recent interest is the realization that budgeting for and evaluation of programs and elements of programs in a satisfactory manner is almost impossible without including overhead or indirect costs. For example, direct costs alone, in some cases, fall short of the proper base for program evaluation. One program could have high direct expense and low support costs while another could have costs of an opposite nature. A program using computer assisted instruction, for example, would have higher indirect costs, proportionately, than one in which individual teachers were involved, especially beginning teachers.

In the publication, *A Guide for Local Government Agencies, Establishing Cost Allocation Plans and Indirect Cost Proposals for Grants and Contracts with the Federal Government,*[1] issued by the U.S. Department of Health, Education, and Welfare, a practical approach to computation of indirect costs is presented. This recognizes the principle that, as far as possible, all costs of a program, both direct and indirect, need to be considered in some instances.

The guide is based on Circular No. A-87, issued in May of 1968, by the U.S. Bureau of the Budget to meet an expressed need on the part of State and local governments for a more uniform approach to the problems of determining costs of federally aided programs.

The circular provides principles and standards for determining costs applicable to grants and contracts with State and local governments. It points out, also, that the U.S. Department of Health, Education, and Welfare has responsibility for the negotiation and approval of cost allocation plans for distributing central support service costs to grantee departments at the State level, and the adult of such cost allocation plans.

State agencies receive Federal funds through a Letter of Credit system and are asked to submit a cost allocation plan for the entire State. LEAs receiving Federal grants may be asked to submit a plan at the beginning of the year by the State as data input for its plan. Should this be done, assistance in establishing the plan may be available from the State agency.

Depending on the circumstances, certain specified costs, under established regulations are unallowable; that is, they cannot be taken into account in determining indirect costs relative to Federal grants and contracts.

The purpose of Circular A-87, and its application in this context, according to established regulations, is one of assisting education agencies to recover, as far as possible, costs incurred in operations relating to Federal grants and contracts. Well maintained school finance records enhance such applications. Basically, the cost rates established are ratios of allowable indirect services costs to costs of direct services.

It is not the purpose of this handbook to establish any criteria concerning the application of Circular A-87, or to supersede in any way the established regulations and procedures involved in the development and approval of allocation plans concerning indirect costs incurred in the operation of federally supported grants and contracts. The principle of such allocations, however, can be applied in similar manner, for management purposes, to determine substantially the cost ratios of indirect cost to costs of instructional programs in a LEA, irrespective of the sources of funds.

Generally, in indirect cost computations concerning any instructional program, aside from those in which Circular A-87 specifically applies, all costs would be allowable unless choices are exercised to exclude them.

[1] U.S. Government Printing Office, 1970, Washington, D.C., OASC-8.

The bases on which to prorate costs, in some cases, become a problem.

*Bases for Allocation.* Proration or allocation can occur when the transaction is made, periodically during the fiscal year, or at the end of the year. For example, the salary of a person serving half time in two separate programs can be prorated at the time paid, while a thousand reams of duplicating paper would need to be charged to an account, say, stores, and charged to programs as distributed.

There are many methods used for prorating expenditures. The most common of these have for a basis either: (1) time; (2) average daily membership or pupils enrolled; (3) time space; (4) time consumption; (5) number of pupils; (6) mileage; (7) units consumed; (8) employees; (9) number of transactions; or (10) dollars.

Undoubtedly, there will be expenditures at times to which these methods will not apply. In such cases, some method adjusted to particular local conditions, or modifications in the methods presented here, may be necessary.

Following are suggested bases for distributing joint costs of certain central-type services to LEA's units or programs utilizing these services. Any method of distribution can be used which will produce an equitable allocation of cost. In selecting one method over another, consideration should be given to the additional effort required to achieve a greater degree of accuracy.

| TYPE OF SERVICE | BASES FOR ALLOCATION[2] |
|---|---|
| Accounting | Total dollar volume or number of transactions processed |
| Auditing | Direct audit hours |
| Budgeting | Direct identifiable hours of employees of central budget |
| Data Processing | Machine and labor hours |
| Disbursing services | Number of checks or warrants issued |
| Employee benefits administration | Number of employees contributing |
| Insurance management service | Dollar value of insurance premiums |
| Legal services | Direct labor hours |
| Mail and messenger service | Number of documents or employees served |
| Motor pool costs | Miles driven/days used |
| Equipment repairs | Direct hours |
| Space use (operation, maintenance, and depreciation) | Square feet of space used (for instruction: sq. ft per pupil per hour) |
| Utilities and fuel | Time Consumption |
| Management services | Direct hours |

[2] *Ibid.*, p. 21.

| | |
|---|---|
| Payroll services | Number of employees |
| Personnel administration | Number of employees |
| Printing and reproduction | Direct hours, job basis, pages, etc. |
| Procurement services | Number of transactions |
| Local telephone service | Number telephone instruments |
| Health services | Number of employees or pupils |
| Fidelity bonding program | Employees subject to bond or penalty amounts |
| Transportation | Number of pupils enrolled |
| School administration | Number of employees supervised |
| Movable equipment | Hours used |
| Pupil services | Average daily membership |
| Instructional services | Learners served (average daily membership) |

*Allocation.* The common thread running through the design of this handbook is the relationships of support services to the operating programs (Regular Programs, Special Programs, Adult/Continuing Programs, and Community Services Programs). Support services programs exist only for the purpose of serving or assisting the instructional process in accomplishing mutually acceptable goals for learners. Therefore, expenditures for service programs are indirect costs of the instructional process. But service programs have direct costs and indirect costs, and instructional and other operating programs, such as community services programs, have both direct and indirect costs. The relationships of the direct and indirect costs of these programs are illustrated in figure 2.

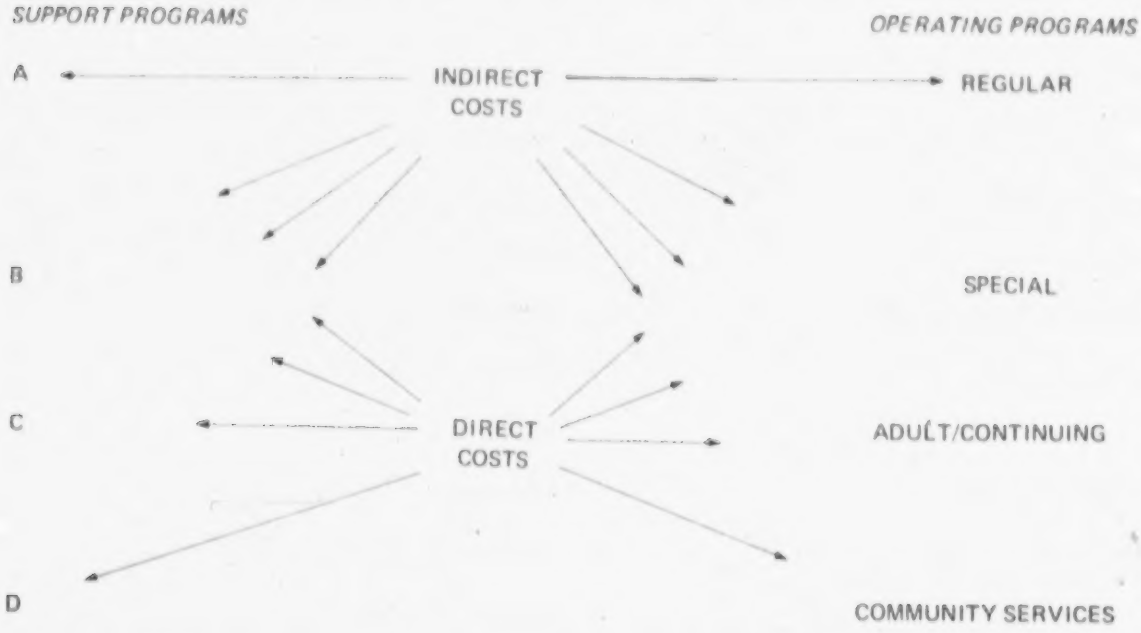
The combined sum of direct and indirect costs of any instructional program provides a total which may reflect substantially the cost of the program. For some purposes, this can be useful information. Such a term as "full cost" of a program is not exact, for there are costs of education which are extremely difficult to identify. This does not, however, discredit a computed cost made in terms of the best and most reasonable methods of calculation available.

In such computations, ratios of the indirect costs of instructional programs to direct costs, while not invariably exact, are revealed, and, serving as indicators, can be useful to management. Through experience and comparisons, such indicators can be classified within ranges. When they are outside these ranges, management has reason to explore the causes, the calculations, or both.

Circular A-87 prescribes procedures for determining ratios of indirect costs to direct costs for Federal grants and contracts. These same procedures may be adapted for determining such ratios for other programs to satisfy management purposes.

Assuming that each school is a major cost center of the LEA and instructional programs within the school are individual cost centers, one procedure for distributing the instructional costs which cannot be identified with individual programs (indirect costs) is presented for illustrative purposes only. In most instances salaries and purchased services can be prorated at the time of transaction. Other goods and services may be charged to a school and prorated later, unless they serve more than one school. In this case they may be charged to a districtwide program and prorated later. For example, a television set may be charged to a school and its cost or depreciation allowance can be calculated in cost per hour and prorated to the programs which use it. The cost of producing the television program viewed by

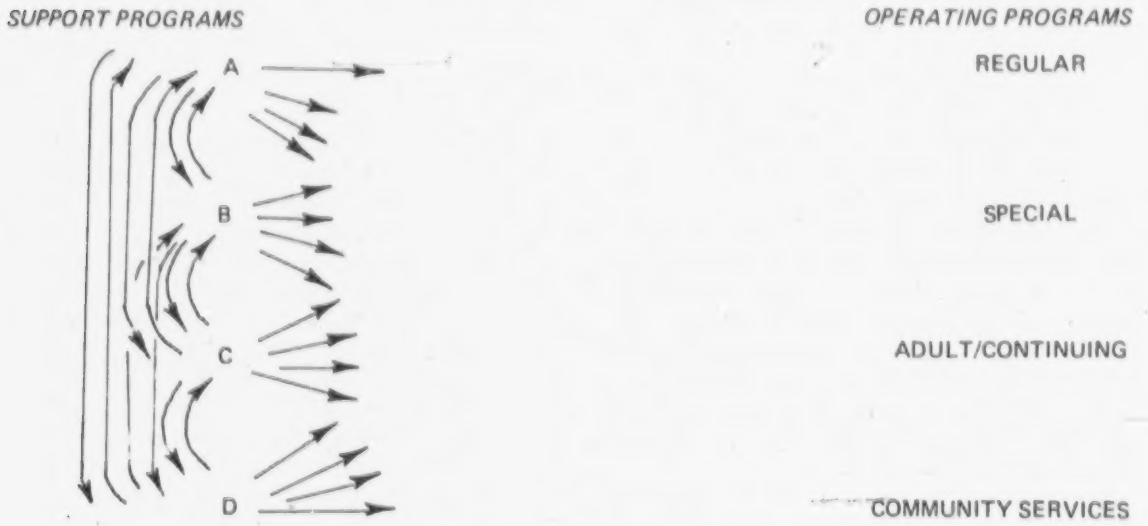
Figure 2–Relationships of Indirect and Direct Costs of Support and Operating Programs




learners in more than one school could be charged to educational television and later distributed to programs on the basis of the number of viewers. Similarly the cost of preparing meals is calculated by including all costs of food, preparation, serving, etc., and distributed on a per meal basis. These types of distributions require a certain amount of analysis.

To compute the "full" cost of the operating programs, the following procedures may be applicable: After the indirect costs of each of the operating

Figure 3–Relationships of Supporting Programs to Each Other and to Operating Programs



programs have been determined and distributed to each other the next step is to distribute the accumulated costs of the support programs to each other and to the operating programs. The relationships of these types of costs are illustrated in figure 3.

As indicated in figure 3, support programs serve each other as well as serving operating programs (Regular, Special, Adult/Continuing, and Community Services). For example, Operation and Maintenance, a support program, should be distributed to all programs, support and operating. The process of computing the full costs of support programs and distributing them to operating programs is accomplished in two steps. (1) The first step consists of prorating all the direct costs of each support program to each of the other support programs and to the operating programs on the appropriate basis for each. This means taking all the direct costs of Operation and Maintenance, for example, and allocating them to other support programs and to operating programs on a per-square-foot-time-used basis. (2) The second step consists of allocating the accumulated costs of support programs to the operating programs. The prorated costs of the support programs are accumulated during the first step. The procedures described in these two steps are illustrated in the cost-allocation model in figure 4. (This model is adapted from the one illustrated on page 81 in *Approaches to Program Accounting for Public Schools*.[3])

To illustrate how the model is used, some selective cost figures are assigned to support and operating programs and inserted into the cost-allocation model as shown in table 6 and table 7. Step one, allocating direct costs of support programs, is presented in table 6. Distributing the prorated costs of support programs, step 2, is illustrated in table 7.

All the support programs are grouped, for purposes of this illustration, into nine separate programs. The first support program consists of those types of services which are performed to assist learners and the instructional staff, called Pupil and Staff Support program. These services are classified under the expenditure classifications C 2100 and C 2200. Administration, C 2300, is comprised of the activities of the board of education and the superintendent's office. Service Areas of school administration; planning, research, development, and evaluation; operation and maintenance; transportation; and staff services are treated as individual entities. Business services is comprised of (C

[3]Erick L. Lindman, Editor. *Approaches To Program Accounting for Public Schools*, Center for the Study of Evaluation of Instructional Programs, University of California, Los Angeles, November 1968.

Figure 4—Cost-Allocation Model

| Support Programs | Direct Cost | Support Programs | | | | | Operating Programs | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Allocation | | | | | | | | |
| | | I | II | III | IV | V | A | B | C | D |
| I | XXX | (XXX) | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| II | XXX | XXX | (XXX) | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| III | XXX | XXX | XXX | (XXX) | XXX | XXX | XXX | XXX | XXX | XXX |
| IV | XXX | XXX | XXX | XXX | (XXX) | XXX | XXX | XXX | XXX | XXX |
| V | XXX | XXX | XXX | XXX | XXX | (XXX) | XXX | XXX | XXX | XXX |
| Total Allocation | | XXX | XXX | XXX | XXX | XXX | | | | |
| V | | | | | | | XXX | XXX | XXX | XXX |
| IV | | | | | | | XXX | XXX | XXX | XXX |
| III | | | | | | | XXX | XXX | XXX | XXX |
| II | | | | | | | XXX | XXX | XXX | XXX |
| I | | | | | | | XXX | XXX | XXX | XXX |
| Indirect Cost (Total) | XXX | | | | | | XXX | XXX | XXX | XXX |
| Direct Cost (Total) | XXX | | | | | | XXX | XXX | XXX | XXX |
| Total Cost Operating Programs | XXX | | | | | | XXX | XXX | XXX | XXX |

TABLE 6—*Example Distribution of Direct Costs of Support Services Programs to Operating Programs and to Other Support Services Programs*

[Thousands]

| Support Services Programs | Direct Costs | Allocation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Support Programs | | | | | | | | | Regular Programs | Special Programs | Adult/ Continuing | Community Services |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | | | | |
| 1. Pupil-Staff Sup. C2100-2200 | $1,000 | $(1,000) | 00 | 00 | 00 | 00 | 00 | 00 | 00 | 00 | $ 800 | $ 195 | $ 10 | $ 5 |
| 2. Administration C2300 | 200 | 10 | $(200) | $ 10 | $ 5 | $ 15 | $ 10 | $ 5 | $ 5 | $ 10 | 100 | 20 | 5 | 5 |
| 3. School Admin. C2400 | 2,000 | 00 | 00 | (2,000) | 00 | 00 | 00 | 00 | 00 | 00 | 1,500 | 450 | 50 | 00 |
| 4. Planning, R.D. & E. C2620 | 300 | 10 | 5 | 10 | (300) | 10 | 00 | 00 | 00 | 5 | 250 | 10 | 00 | 00 |
| 5. Business Services C2520-30-60-70 | 2,000 | 10 | 5 | 20 | 10 | (2,000) | 100 | 15 | 10 | 20 | 1,400 | 390 | 10 | 10 |
| 6. Operation & Main. C2540 | 3,000 | 20 | 15 | 30 | 15 | 45 | (3,000) | 30 | 10 | 30 | 2,060 | 700 | 30 | 15 |
| 7. Transportation C2550 | 700 | 00 | 00 | 00 | 00 | 00 | 00 | (700) | 00 | 00 | 650 | 40 | 10 | 00 |
| 8. Staff Services C2640 | 100 | 5 | 5 | 5 | 5 | 10 | 5 | 2 | (100) | 3 | 40 | 10 | 5 | 5 |
| 9. Data Process (etc.) C2630-50-60 | 200 | 5 | 20 | 2 | 10 | 20 | 00 | 2 | 3 | (200) | 100 | 35 | 2 | 1 |
| Total | 9,500 | 60 | 50 | 77 | 45 | 100 | 115 | 54 | 28 | 68 | 6,900 | 1,840 | 122 | 41 |

2520) Fiscal Services, (C 2530) Facilities Acquisition and Construction Services, (C 2560) Food Services, and (C 2570) Internal Services. Service Areas (C 2630) Information Services, (C 2650) Statistical Services, and (C 2660) Data Processing Services are combined into one group to conserve space.

As illustrated in table 6, the direct costs of each support program are allocated to support programs and operating programs, according to the bases suggested above. For example, planning, research, development, and evaluation is allocated on the basis of direct hours devoted to each program. Transportation is allocated on an average daily membership basis and school administration proportionately according to the number of employees supervised.

As illustrated in the example in table 6, there is a line and a column for each support program and for the group of programs under Regular, Special, Adult/Continuing, and Community Services. No costs are distributed to pupil-staff support because these activities are performed to benefit the operating programs only. The same reason holds for school administration and transportation. The program of Pupil-Staff Support received $60,000 in services, however, from the other support programs. Transportation received $54,000 in services.

The second step illustrated in table 7, shows how the $60,000 of received services for the Pupil-Staff Support program is distributed to other operating programs–$40,000 for Regular Programs, $16,000 for Special Programs, $3,000 for Adult/Continuing Programs, and $1,000 for Community Services Programs. Adding support services programs expenditures of $9,500,000 to the direct costs of the operating programs gives a total cost of $95,500,000 for the operating programs. The full costs of the operating programs are: Regular–$77,328,000, Special–$11,976,000, Adult/Continuing–$5,145,000, and Community Services–$1,051.

The combinations of support programs in the above example are in no way to be considered recommendations. They were combined for conciseness. In reality, transportation for special education, Food Services, and Facilities Acquisition and Construction Services, perhaps, should be treated separately because of their nature and discreteness.

In the above example, operating programs were divided into four major areas, Regular, Special, Adult/Continuing, and Community Services. Allocations in greater detail would have made the explanations more complicated. Detailed data are presented in table 8 to indicate how costs may be allocated to individual programs by schools.

TABLE 7–*Example Distribution of Total Prorated Costs of Support Services Programs to Operating Programs, Total Cost of Operating Programs, and Grand Total*

[Thousands]

| Support Services Programs | Total | Prorated Cost | Regular Programs | Special Programs | Adult/Continuing Education Programs | Community Services |
|---|---|---|---|---|---|---|
| Pupil-Staff Support | | $ 60 | $ 40 | $ 16 | $ 3 | $ 1 |
| Administration | | 50 | 33 | 14 | 2 | 1 |
| School Administration | | 77 | 60 | 22 | 5 | 00 |
| Planning, Research, Dev. & Evaluation | | 45 | 35 | 10 | 00 | 00 |
| General Services | | 100 | 70 | 25 | 3 | 2 |
| Operation and Maintenance | | 115 | 90 | 15 | 5 | 5 |
| Transportation | | 54 | 40 | 13 | 1 | 00 |
| Staff Services | | 28 | 20 | 6 | 1 | 1 |
| Processing Services Data (etc.) | | 68 | 50 | 15 | 3 | 00 |
| Indirect Costs (from table 6) | | 597 | 6,900 | 1,840 | 122 | 41 |
| Total Indirect Cost | $ 9,500 | | 7,328 | 1,976 | 145 | 51 |
| Direct Cost Operating Programs | 86,000 | | 70,000 | 10,000 | 5,000 | 1,000 |
| Total Cost of Operating Programs | 95,500 | | 77,328 | 11,976 | 5,145 | 1,051 |

TABLE 8–*Example Distribution of Full Cost of Operating Programs by Instructional Organization, School, Program, and Per Pupil*

(Thousands)

| Type of Program | | | | | Cost | Per Pupil |
|---|---|---|---|---|---|---|
| Total | | | | | $95,500 | NA* |
| Regular | | | | | 77,328 | $1,110 |
| Elementary | | | | $39,500 | | 952 |
| School A | | | $ 8,146 | | | 917 |
| Intellectual Skills | | $2,740 | | | | 890 |
| Communication Skills | $ 920 | | | | | 884 |
| Computation Skills | 930 | | | | | 892 |
| Decisionmaking Skills | 890 | | | | | 890 |
| Understanding the Environment | | 2,580 | | | | 964 |
| ETC | | | | | | |
| Personal Development | | 2,916 | | | | 960 |
| ETC | | | | | | |
| School B | | | 8,413 | | | 924 |
| ETC | | | | | | |
| Middle/Junior High | | | | 27,530 | | 975 |
| ETC | | | | | | |
| High | | | | 31,830 | | 1,127 |
| School A | | | 11,670 | | | |
| Preparatory for Education | 5,240 | | | | | 1,114 |
| Preparatory for Employment | 6,430 | | | | | 1,147 |
| ETC | | | | | | |
| Special | | | | | 11,976 | 983 |
| Gifted & Talented | | 1,904 | | | | 803 |
| ETC | | | | | | |
| Adult/Continuing Education Programs | | | | | 5,145 | 732 |
| Adult Basic Education | | 1,987 | | | | 728 |
| ETC | | | | | | |
| Community Services | | | | | 1,051 | NA |

*Not applicable for cost shown

Full costs are displayed in a hierarchal arrangement for each breakout: Regular Programs, Elementary Schools; Intellectual Skills Development; Communications Skills Development; Computation Skills Development; and Decisionmaking Skills Development. In a similar manner, costs of programs in Middle/Junior High and High Schools and for Special Programs, Adult/Continuing Programs, and Community Services Programs can be displayed.

transactions will need to be made. Broad-based programs may be used for cost centers, such as on the level of Intellectual Skills Development or on the school level. But regardless of the level on which cost centers are established, the principle of allocation and analysis is the same; only the number of transactions varies.

*Building Use Cost.* This term means the cost of using a building for a year, or the yearly depreciation allowance, as defined above. Depreciation allowance or yearly recovery of acquisition cost, however, are only part of the cost of providing shelter for pupils while in school. This is known as housing costs.

If memorandum accounting for building depreciation is maintained, the term *housing cost* may have relevance. Housing cost means the cost of providing quarters to shelter learners and employees during the process of instruction. Then, *building use* cost becomes *housing* cost when the expenditures of Operation and Maintenance are included. Therefore, *housing* costs are

the sum of the expenditures for Operation, Maintenance, and Depreciation.

Should school officials desire to include housing costs in the full costs of operating programs, they must be determined and allocated to these programs. This is not a great problem when an entire building is assigned to a particular program. But when two or more programs and the principal's office are included in the same building prorations are made. Circulation space, toilet space, library space, and storage space are shared in most buildings, equally by each program, while the principal's staff uses, in the main, only the space assigned to them. Therefore, the total building space, exclusive of that assigned to the principal's office, is prorated among programs. A formula to be used in computing the cost per program in a building is:

$$CP_1 = \frac{P_1\left(OMD - \frac{OMD \times OS}{BS}\right)}{BS - OS}, \text{ Where}$$

$CP_1$ = Prorated cost of program no. 1

$P_1$ = Number of classroom square feet assigned to program no. 1

OMD = Combined cost of operation, maintenance, and depreciation allowance

OS = Number of square feet in the principal's office

BS = Number of square feet in the building

As an example, suppose a building, containing 30,800 square feet, had a combined cost of OMD of 60 cents per square foot, or $18,480. The principal's office contains 800 square feet and program no. 1 utilizes 8 classrooms with a total of 6,000 square feet. How much of the $18,480 should be charged to program no. 1?

$$CP_1 = \frac{P_1\left(OMD - \frac{OMD \times OS}{BS}\right)}{BS - OS}$$

$$= \frac{6{,}000\left(18{,}480 - \frac{18{,}480 \times 800}{30{,}800}\right)}{30{,}800 - 800}$$

$$= \frac{6000\ (18{,}000)}{30{,}000}$$

= $3,600 = the amount to be charged to program no. 1.

In summary, this chapter on indirect costs is not included for the purpose of indicating the specific degree to which LEA officials *should* prorate costs. It is included as a guide to those officials who might need the information in their own recordkeeping procedures. It is advantageous, however, to prorate indirect costs to substantiate claims for reimbursement for Federal programs and to be able to apply cost effectiveness criteria to program evaluation.

The primary purpose of proration is to "present accurate information concerning the services and the benefits that are being obtained for the money being spent."[4] After the indirect costs of salaries and materials for the Instructional and Community Services programs have been prorated to the proper program, prorating the support services can be done in two steps. Step 1 includes prorating the direct costs of support services to each of the support programs and to the operating programs, Instructional and Community Services programs. Following this, step 2, the prorated costs of the support programs (sum of the prorated costs of support programs in step 1) are prorated to the operating programs.

The accurateness of the results of proration increases in proportion to the amount of detail to be prorated increases; i.e., the detail of bases of allocation and the number of program cost centers. As a beginning, however, even a few program centers with broad bases for allocation will provide valuable information for officials responsible for managing educational enterprises.

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[4] Paul L. Reason and Alpheus L. White. *Financial Accounting for Local and State School Systems*, Standard Receipts and Expenditure Accounts, State Educational Record and Report Series: Handbook II. U.S. Department of Health, Education, and Welfare, U.S. Government Printing Office, Washington, D.C., 1966.

## APPENDIXES

Appendix A. SUPPLIES AND EQUIPMENT

Appendix B. GLOSSARY

Appendix C. ACKNOWLEDGMENTS

Appendix D. TRANSMITTAL MEMORANDUM

Appendix E. EXAMPLES OF FINANCIAL STATEMENTS AND REPORTS

# Appendix A

## SUPPLIES AND EQUIPMENT

In this section some guides are provided for distinguishing between supplies and equipment. These guides consist of criteria for classifying an item as either supply (an ever-present problem in financial accounting) or equipment, and a list of supplies, and a list of equipment. Equipment built-in or fixed to the building or grounds are considered a part of the building or land improvement, and are to be charged to those respective accounts.

When there is doubt as to the nature of an item (supply or equipment) search on an alphabetical basis the list in which it probably would be found. If it is not in that list, search the other. If it is not in either list, the question should be resolved by finding a similar item and applying the necessary criteria.

### CRITERIA FOR SUPPLY ITEMS

A supply item is any article or material which meets any *one* or more of the following conditions:

1. It is consumed in use.
2. It loses its original shape or appearance with use.
3. It is expendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it (which is not true of equipment).
4. It is an inexpensive item, having characteristics of equipment, whose small unit cost makes it inadvisable to capitalize the item.
5. It loses its identity through incorporation into a different or more complex unit or substance.

### LIST OF SUPPLIES

The following list of supplies is not intended to be complete. While the list is extensive, it is not practical, nor possible, to make it complete. In looking for a supply item with a descriptive word or modifier (glass wool) in the nomenclature, search first under the first letter of the first word and then under the first letter of the second word. The multiple-worded nomenclatures are not cross-referenced in every instance.

A

Abrasives
Absorbent Cotton
Account Books
Accounting Forms
Acetylene
Achievement Tests
Acids
Adding Machine Ribbons
Adding Machine Tapes
Addressing Machine Plates
Addressing Machine Ribbons
Addressing Machine Stencils
Adhesive Tape
Adzes
Air, Compressed
Air Gauges, Tire
Albums
Alcohol
Ammonia
Ampules
Anatomical Charts
Anesthetics
Aniline Dyes
Animal Boxes
Antifreeze
Antiseptic Gauze
Antiseptics
Antitoxins
Applicators, Throat
Aprons
Arch Supports
Archery Sets
Architect's Scales, 1 in. meas.

LIST OF SUPPLIES (Continued)

Arrows
Art Canvases
Art Crayons
Art Erasers
Art Paints
Art Paper
Asbestos
Ashcans
Asphalt
Asphalt Roofing and Siding
Astringents
Athletic Uniforms
Atlases
Atomizers
Auger Bits
Augers
Automotive Regulating Valves
Automobile Accessories
Automobile Controls for Handicapped Persons
Automobile Defrosters
Automobile Fuel Tanks
Automobile Heaters
Automobile Signals
Automobile Tires and Tubes
Awls
Axes

B

Babbit Metal
Badges
Badminton Rackets
Bags, Laundry
Baking Pans
Baking Powder
Baking Soda
Balances, Small Spring
Ball Bearings
Ball Peen Hammers
Balloons
Ballot Boxes
Balls
Band Saw Blades
Bandages
Bands, Rubber
Banners
Barber Shop Tools, Hand
Barrels
Baseballs
Bases, Baseball
Bases, Electric Lamp
Basins, Portable
Basketball Shoes
Basketballs
Baskets, Container
Bath Curtains
Bathmats
Bathrobes
Bathtub Fittings
Batons
Bats
Batteries, Electric
Battery Elements
Batting, Cotton
Beads, Art and Crafts
Beakers
Beanbags
Bearings, Ball
Bearings, Roller
Beaters, Egg, Hand
Bedpans
Redspreads
Bedsprings
Bedding
Beef Extract
Beeswax
Bellows, Hand
Bells, Small Hand or Desk
Belt Dressings
Bench Stops
Benzene
Bevels
Billheads
Binders, Looseleaf
Binding Cloth
Binding Cord
Biological Charts
Biology Specimens
Bit Braces
Bit Tools
Bits
Blackboard Pointers
Blackboards, Small Slate
Bladders
Blades, Saw
Blankets
Blanks, Printed

LIST OF SUPPLIES (Continued)

Bleaches
Blocks, Hat
Blocks, Kindergarten
Blocks, Surface Hardened
Blocks, Terminal
Blotter Holders
Blotter Pads
Blotters
Blowpipes
Blueprint Paper
Bluing
Boards, Bread
Boards, Carrom
Boards, Checker
Boards, Drawing
Boards, Emery
Boards, Ironing
Boards, Lumber
Boards, Mounting
Boards, Sandwich
Boards, Wash
Bobbins
Bodkins
Boiler Cleaners
Boiler Compounds
Boiler Firing Tools
Bolt Cutters
Bolts
Bond Paper
Book Cards
Book Ends
Book Jackets
Bookplates
Book Pockets
Book Records
Bookcloth
Bookcovers
Bookkeeping Forms
Books, Cash
Books, Composition
Books, Looseleaf Note
Books, Record
Books, Text
Bottle Syphons
Bottles
Bowling Alley Pins
Bowls
Bowls, Water Closet
Bows, Archery
Box Files, Cardboard
Boxes, Electrical
Boxing Gloves
Brake Lining
Brakes, Complete Replacement Units
Brass Polishes
Brass Rods
Brass Sheet
Breadboards
Bread Knives
Bread Pans
Breakers, Circuit
Bricks
Bridles
Briefcases
Bronze, Casting
Bronzing Liquid
Brooms, Hand
Brushes
Bucksaws
Buckets
Bug Sprays
Bulbs, Electric Light
Bulbs, Flower
Bunting
Burettes
Burlap
Burners, Bunsen
Bus Accessories
Bus Repair Parts
Bus Tickets
Bus Tires and Tubes
Bus Tokens
Bushings
Butter Spreaders
Buttons
Buttons, Push
Buzzers

C

Cable
Cake Knives
Cakepans
Cake Soaps
Calcimine
Calendar Pads
Calendar Stands
Calendars

LIST OF SUPPLIES (Continued)

Calico
Calipers
Call Bells
Can Covers
Can Openers
Candles
Candlesticks
Canes
Cans, Ash
Canvas
Caps, Metal
Carbide
Carbon Dioxide
Carbon Paper
Carbon Ribbons
Carborundum Stones
Carburetors
Cardholders
Cardboards
Cardboard Boxes
Cards
Carpenters' Squares
Carpet Beaters
Carrom Boards
Carrom Cues
Carrom Rings
Carving Knives
Cases, Brief
Cases, Cardboard
Cash Boxes
Casting Bronze
Catalogue Cards
Catches
Caulking Compounds
Caulking Irons, All Sizes
Caustics
Cellophane
Celluloid
Cement, Construction
Cement Liquid
Certificates
Chafing Dishes
Chains
Chains, Tire
Chair Pads
Chalks
Chamois
Change Holders
Charcoal
Charge Slips
Charts
Checkbooks
Checkerboards
Checkers
Checks, Brass
Cheesecloth
Chemicals
Chemistry Glassware
Chemistry Rubber Goods
Chinaware
Chisels, Not in Sets
Choppers, Food, Hand-Operated
Circuit Breakers
Clamps
Clay
Clay Modeling Tools
Cleaners, Flue
Cleaning Compounds
Clippers, Hair, Hand
Clips
Clocks, Desk
Cloth
Cloth Nets
Clothesbaskets
Clothesbrushes
Clothes Hooks
Clotheslines
Clothespins
Coal
Coalbags
Coal Hods
Coal Screens
Coal Scuttles
Coal Shovels
Coathangers
Coat Hooks
Cocoa Mats
Coffee Cans
Coffeepots
Coke
Colanders
Colored Pencils
Coloring Dyes
Combs
Compasses, Blackboard
Compasses, Drawing
Compasses, Magnetic, Pocket
Compounds, Chemical

LIST OF SUPPLIES (Continued)

Compounds, Cleaning
Compounds, Grinding
Compounds, Patching
Compressed Air
Condensers, Electronic
Condensers, Ignition Distribution
Condiments
Conduit Boxes
Conduits and Fittings
Connectors, Wire
Construction Paper
Containers
Cooking Utensils
Coping Saw Blades
Copper
Coppers, Soldering
Copyholders
Cord
Cords, Electric
Cores, Valve
Cork
Corkscrews
Cornices, Metal
Correction Fluid, Stencil
Corrosives
Corrugated Paper
Costumes, Theatrical
Cotter Pins
Cotton, Absorbent
Cotton Gauze
Counters, Revolution and Stroke
Countersinks
Couplings
Coveralls
Covers
Crayons
Crockery
Crocks
Cross Section Paper
Crucibles
Crude Oil
Crushed Rock
Crystals, Watch
Cues, Carrom
Culverts, Sheet Metal
Cup Awards
Cup Grease
Cup Hooks
Cups
Curling Irons
Curtain Rods
Curtains, Shower and Window
Cuticle Pushers
Cutlery
Cutters, Glass
Cutters, Pastry
Cutters, Plane
Cylinder Oils
Cylinders, Dictating Machine
Cylinders, Hydrometer Jar
Cylinders, Mailing

D

Dampers
Date Stamps
Daters
Decorations
Dental Abrasive Points
Dental Charts
Dental Drills
Dental Instruments, Small
Deodorizers
Desk Blotters
Desk Lamps
Desk Letter Baskets
Desk Pads
Developers, Photographic
Developing Tanks
Dextrin
Dextrose
Diaries
Dictating Machine Cylinders
Dictionaries, Abridged
Dies, Not in Sets
Diesel Engines, Integral Parts of Larger Units
Diploma Covers
Diploma Ribbons
Diploma Seals
Diplomas
Discs, Phonograph
Dish Brushes
Dishcloths
Dishpans
Dishes
Disinfectants
Display Mounts

LIST OF SUPPLIES (Continued)

Dissecting Sets
Distilled Water
Distributor Boxes
Distributors
Dividers
Doilies
Dolls
Doormats
Doors
Dowels
Drafting Instruments
Draglines
Drain Cleaners
Drain Pans
Drainplugs
Drain Plungers
Draintile
Drainpipe Flushers
Drapery Cloth
Drapes
Drawing Boards
Drawing Compasses
Drawing Instruments
Drawing Paper
Drawing Pens
Dressers, Emery Wheel
Dressings, Belt
Drier, Ink
Drier, Paint
Drier, Varnish
Driftpins, All Sizes
Drill Bits
Drill Points
Drills, Hand
Drugs
Drums, Fiber
Drums, Metal
Dry Cells
Dry Measures
Drygoods
Dumbbells
Duplicating Machine Brushes
Duplicating Machine Ink
Duplicating Machine Paper
Duplicating Machine Parts
Duplicating Machine Rolls
Dustcloths
Dusters
Dustpans
Dyes

E

Earthenware
Edge Tools, Except Cutting Dies
Educational Tests
Eggbeaters, Hand
Elastic
Electric Batteries
Electric Cords
Electric Fuses
Electric Lamp Bases
Electric Light Bulbs
Electric Switches
Electric Wires
Electrical Boxes
Electrodes
Electromagnets, Laboratory
Electronic Components
Electronic Tubes
Elements, Battery
Embossing Fluid
Embossing Pans
Emery Boards
Emery Cloth
Emery Powder
Emery Wheel Dressers
Emery Wheels
Enamel
Enameled Ware
Engineer's Scales, Measure
Engines, Integral Parts of Larger Units
Envelopes
Epsom Salts
Eradicator, Ink
Erasers, Hand
Essences
Extracts
Eye Charts
Eyelets

F

Fabrics
Face and Eye Shields
Faces, Archery
Fasteners

LIST OF SUPPLIES (Continued)

Fasteners, Apparel
Faucets, Combination or Single
Feldspar
Felt
Fencing Foils
Ferrules
Fertilizers
Fiber Rod
Fiber Sheets
Fiber Tubes
Fiberboard
File Boxes
Filecards
File Folders
Files, Wood and Metal Working
Filings
Fillers, Battery
Fillers, Ink
Fillers, Paint
Fillers, Wood
Film Cement
Films
Filter Paper
Filters, Small
Fingers, Rubber
Fire Axes
Fire Extinguisher Refills
Fire Hooks
Fire Shovels
Fire Tongs
Fittings, Lubrication
First Aid Kits
Flags
Flashlights
Flasks
Flavorings
Flaxseed
Flexible Cord Sets
Flexible Metal Hose
Flexible Metal Tubing
Floats, Hydrometer
Floats, Plumbing
Floor Oil
Floor Waxes
Flour
Flower Bulbs
Flowerpots
Flowers
Flue Cleaners
Fluorescent Lamps
Fluorescent Starters
Flushers, Drainpipe
Flush Valves
Flux
Flypaper
Fly Sprays
Folders
Food
Football Dummies, Tackling
Football Shoes
Football Uniforms
Footballs
Forceps
Forks, Silverware
Forks, Spading
Forks, Tuning
Formaldehyde
Forms, Printed
Frames, Door
Frames, Mirror
Frames, Ophthalmic
Frames, Picture
Frames, Saw
Frames, Window
Friction Tape
Fruits
Fuels
Fumigants
Fumigators
Fungicides
Funnels
Furniture Polish
Fuses

G

Gages, Tire
Games
Garbagecans
Garden Hose
Garden Tools
Garments
Garnet Paper
Gas Mantels
Gases
Gaskets
Gasoline
Gasoline Dispensing Pumps, Hand Operated

Gauges, Tire
Gauze
Gears
Gelatin
Gelatin Pads
Generators, Integral Parts of Larger Units
Geographic Globes, Small Desk Type
Glass
Glass, Watch
Glasscutters
Glass Wool
Glasses, Drinking
Glasses, Magnifying
Glasses, Ophthalmic
Glassware
Glaze
Glides
Globes, Electric Light
Globes, Geographic, Small Desk Type
Gloves, Rubber
Glue
Glycerin
Goggles
Graduated Measures
Graph Paper
Graphite
Grass Seed
Grass Shears, Hand Operated
Grates, Stove
Gravel
Grease
Grease Guns, Air, Gun Only
Grease Guns, Hand
Grinders, Hand Operated
Grinding Compounds
Grinding Wheels
Groceries
Guards, Arm
Guards, Lamp
Guards, Shin
Gummed Cloth
Gummed Figures
Gummed Labels
Gummed Seals
Gummed Tape
Gym Shoes
Gypsum

H

Hacksaws
Hair Clippers, Hand
Hairpins
Hammers, Ball-Peen
Hammers, Light Forged
Hammers, Sledge
Hampers
Handbags
Handballs
Handbooks
Handsaws
Hand-Stamps
Handtools, Not in Sets
Handles
Handscrews, Wood and Iron
Hangers, Clothing
Hangers, Hardware
Hardware
Hot Blocks
Hatchets
Headlights
Heating Pads
Hemp Fibre
Henna
Hinges
Hods, Coal
Hoes, Garden
Holders, Blotter
Holders, Change
Holders, Copy
Hooks
Horns, Motor Vehicles
Horseshoes
Hose, Apparel
Hose, Flexible Metal
Hose, Garden
Hose Clamps
Hose Nozzles
Hot Water Bottles
Hydrometer Floats
Hydrometers
Hygrometers
Hypodermic Needles
Hypodermic Syringes

I

Ice
Ice Bags

Ignition Coils
Incandescent Lamps, Bulbs
Index Cards
Index Labels
Index Tabs
Indian Clubs
Ink
Ink Drier
Ink Eradicator
Ink Pads
Inkwells and Parts
Inner Tubes, Auto
Insect Nets
Insect Screening
Insecticides
Insignia
Instruments, Dental, Small
Instruments, Drafting
Instruments, Medical, Small
Instruments, Surgical, Small
Insulators
Intelligence Tests
Interval Timers
Iodine
Iodoform
Iron Filings
Iron Gauze
Iron Sheet
Iron Wedges
Ironing Boards

J

Jackets, Book
Jacks, Mechanical
Jars
Joints, Plumbing

K

Kerosene
Kettles
Keyrings
Keys
Keyboards, Piano, Paper
Keyhole Saws
Kitchen Utensils
Kits, First Aid
Kneepads
Knives

L

Labels
Laboratory Fittings, Plumbing
Laboratory Glassware
Laboratory Mounts
Laboratory Tools, Small Hand
Lacing
Lacquers
Lactose
Ladles
Lagscrews
Lamp Bases
Lamp Bulbs
Lamps, Desk
Lamps, Drafting Table
Lantern Slides
Lanterns
Laths
Lawn Sprinklers, Movable
Lead
Lead Pencils
Lead, Red
Leather
Leather Briefcases
Leatherworking Tools, Hand
Ledgers
Lenses
Letter Baskets
Letter Files
Letter Openers
Letter Scales
Letterheads
Lettering Pens
Levels, Precision Machinists'
Levels, Small or Carpenters'
Light Bulbs
Light Globes
Lime
Line Markers, Small
Linens
Liners, Staff, Music
Liners, Type
Lining, Brake
Lining, Cloth
Linoleum
Linotype Metals
Linseed Oil
Liquid Bronzing
Liquid Polishes
Liquid Soaps

LIST OF SUPPLIES (Continued)

Litmus Paper
Loam
Locknuts
Locks, Small, not Built-in
Looseleaf Notebooks
Lubricants
Lubricating Oil
Lubrication Fittings
Lugs, Soldering
Lumber

M

Machines, Dating, Small Hand
Machines, Numbering, Small Hand
Machines, Stamping, Small Hand
Magazine Covers
Magnets, Laboratory
Magnifying Glasses
Mailboxes
Mallets
Manicuring Tools
Manila Files
Manila Folders
Manila Rope
Map Tracks
Maps
Markers, Line, Small
Matches
Matrix, Type
Mats, Door and Bath
Mats, Gymnasium, Tumbling, Wrestling
Mattocks
Mattresses
Mauls
Meal
Meats
Mechanical Drawing Instruments
Mechanical Pencils
Medals
Medical Instruments, Small
Medicine Balls
Medicines
Megaphones
Memo Books
Mending Materials
Mesh, Steel Wire
Metal Polishes
Metalworking Tools, Small, Hand Operated
Metals, Die Casting
Metals, Laboratory
Metals, Linotype
Meter Sticks
Micrometers, Not in Sets
Milk Cans
Mimeograph Paper
Mineral Wool
Minerals, Laboratory
Minute Books
Mirror Frames
Mirrors, Small
Modeling Clay
Modeling Tools
Molding, Metal
Mop Pails
Mop Wringers
Mops
Mortar
Moss
Motor Vehicle Parts
Motors, Integral Parts of Larger Units
Mounting Boards
Mousetraps
Mucilage
Music, Sheet
Muslin
Mustard

N

Nail Polishes
Nails
Napkins
Napkins, Sanitary
Neatsfoot Oil
Needles
Needles, Hypodermic
Negative Racks
Negative Tanks
Nets, Cloth
Newspapers
Nickel Polishes
Notebook Covers
Notebooks

LIST OF SUPPLIES (Continued)

Nozzles, Hose
Numbering Machines, Small Hand
Nuts

O

Oakum
Oars
Oil
Oilcans
Oilcloth
Ointments
Oleomargarine
Openers, Letter
Ophthalmic Frames
Outlets, Electrical
Outline Maps
Ovenware Dishes
Oxygen

P

Packing
Padding
Padlocks
Pads, Chair
Pads, Desk
Pads, Ink
Pads, Stamp
Pads, Typewrtier
Pads, Writing
Pails
Paintbrushes
Paint Drier
Paint Remover
Paints
Palettes
Pamphlets
Pans
Pantographs
Paper
Paper Clips
Paper Cups
Paper Fasteners
Paper Napkins
Paper Punches
Paper Towels
Paraffin
Parts, Radio, Resistors, Tubes, Transformers, etc.
Parts, Repair
Paste
Paste Brushes
Pasteboard
Pasteboard Boxes
Pastries
Pastry Cutters
Patching Compounds
Patterns
Peat Moss
Peelers, Hand
Pen Points
Pencil Sharpeners
Pencils
Pencils, Mechanical
Penholders
Penknives
Pennants
Pens
Periodicals
Pestles
Phonograph Needles
Phonograph Record Albums
Phonograph Records
Photoelectric Cells
Photograph Mounts
Photographic Lenses
Photographs
Piano Parts
Picks
Picture Frames
Picture Wire
Pigments
Pillows
Ping Pong Sets
Pinking Shears
Pins
Pipe
Pipe Dies, not in Sets
Pipe Fittings
Pipe, Steel
Pipettes
Piston Rings
Pistons
Pitchers
Pitch Pipes
Pitchforks
Plane Cutters

Planes, Hand
Plaster
Plaster, Adhesive
Plastic Wood
Plate Glass
Plates
Plates, Addressing Machine
Plates, Battery
Plates, Book
Plates, Lantern Slide
Plates, Photographic
Pliers
Plugs, Drain
Plugs, Spark
Plumbing and Heating Valves
Plumbing Fixture Fittings and Trim
Plumbs
Plungers, Drain
Pockets, Book
Pointers
Points, Drill
Poles
Poles, Climbing
Polishes
Portfolios, Leather
Posters
Posts
Pot Cleaners
Pots
Pottery
Powders
Preservatives
Printed Materials
Printing Ink
Printing Materials
Printing Sets, Rubber
Printing Type
Prisms
Protractors
Pruners, Hand
Psychrometers
Pulleys
Pumice
Punches
Pushbuttons
Putty

Q

Quinine
Quivers, Arrow

R

Rackets, Badminton
Rackets, Tennis
Radio Tubes
Raffia
Rags
Rakes, Garden
Rasps
Rattan
Reamers
Receptacles
Record Books
Record Forms
Recording Tape and Wire
Records, Phonograph
Reeds
Reels, Hose
Reels, Motion Picture Film
Reflectors, Parabolic
Registers, Printed
Regulating Valves
Regulators, Voltage
Relief Maps
Repair Parts
Report Forms
Resistors
Respirators
Retorts, Glass Laboratory
Ribbons, Adding Machine
Ribbons, Addressing Machine
Ribbons, Cloth
Ribbons, Typewriter
Ringtoss, Game
Rings, Carrom
Rings, Key
Rivets
Rock, Crushed
Roller Bearings
Rollers, Ink
Roofing Materials
Rope
Rosin
Rotten Stone
Rouge
Rubber Goods
Rubbish Cans
Rugs, Scatter
Rulers
Rules, Shrink and Circumference

S

Safety Glass

LIST OF SUPPLIES (Continued)

Safety Pins
Salts
Sand
Sandpaper
Sandwich Boards
Sanitary Napkins
Sash, Combination Screen and Storm
Sash Cords
Sash, Screen
Sash, Storm
Saucers
Saw Blades
Saw Frames
Sawdust
Saws, Hand
Scales, Draftsmen's
Scales, Spring
Scalpels
Scissors
Scoop Shovels, Hand
Scouring Powders
Scrapers, Hand
Screen Doors
Screens, Window
Screw Extractors
Screw Eyes
Screw Hooks
Screwdrivers
Screws
Scrubbing Compounds
Scythes
Seasonings
Sedatives
Seed, Grass
Separators, Battery
Serums
Serving Trays
Shampoo
Sharpeners, Pencil
Shears, Hand-operated
Sheaves
Sheet Metal
Sheet Music
Sheeting
Shellac
Shelving Materials
Shingles
Shock Absorbers
Shoes and Boots
Shopcoats
Shovels, Hand
Shower Fittings
Shrubs
Shuffleboard Sets
Shuttlecocks
Siding, Sheet Metal
Sifters
Signs
Silk Screen Printing Apparatus, Complete Units
Silver Polishes
Silverware
Sink Fittings
Skillets
Skis
Slats
Sledge Hammers
Slide Rules
Slides, Lantern
Slides, Microscope
Slides, Projector
Snaps
Sneakers
Snips
Snow Shovels, Hand
Soap Dispensers
Soaps
Soccer Balls
Soccer Shoes
Sockets, Wrench
Socks, Pairs
Soda, Baking
Sodding
Softballs
Softeners, Water, Chemical
Soil
Soldering Coppers
Soldering Materials
Solvents
Spades
Spading Forks
Spark Plugs
Spatulas
Specimens, Laboratory
Spikes
Spirits
Splints
Spokes
Spokeshaves

LIST OF SUPPLIES (Continued)

Sponges
Spoons
Spotlights
Spray Mixtures
Sprayers, Hand
Spreads, Bed
Springs
Springs, Furniture
Sprinklers, Lawn, Movable
Sprockets
Squares
Squeegees
Staff Liners, Music
Stain Removers
Stains
Stakes
Stamp Pads
Stamping Machines, Small Hand
Stamps, Rubber
Stands, Calendar
Staplers, Small Hand
Staples
Starch
Starters, Electric
Stationery
Steam Packing
Steel Measuring Tapes
Steel, Sheet
Steel Wood
Stencil Correction Fluid
Stencils
Stenographers' Notebooks
Sterile Gauze
Sticks, Composing
Sticks, Hockey
Stilts, Sport
Stock Records
Stockings
Stopwatches
Stoppers
Stops, Bench
Storage Batteries
Straight Edges
Strainers
Straws, Drinking
Stretchers
Strings
Stylus
Sunglass Frames
Sunglasses
Supporters, Athletic
Surface-Hardened Blocks
Surgical Instruments, Small
Surgical Powders
Swages
Switchboxes
Switches, Electric
Synchronizers, Camera
Syringes
Syrup

T

Table Protectors
Table Tennis Balls
Table Tennis Rackets
Tablecloths
Table, Computing
Tablets, Medicinal
Tablets, Writing
Tabs, Index
Tack Hammers
Tacks
Tags
Talcum Powder
Tape
Tape Measures
Tape, Measuring
Taps
Tar Roofing and Siding
Targets, Archery
Team Uniforms
Television Tubes
Tennis Balls
Tennis Court Nets, Cord
Tennis Rackets
Tents, Shelter
Terminals, Battery
Test Tube Brushes
Test Tube Racks
Test Tubes
Tests, Achievement
Textbooks
Theatrical Costumes
Thermometers
Thermostats
Thimbles
Thinners

LIST OF SUPPLIES (Continued)

Threads
Throat Applicators
Thumbtacks
Tickets
Tile, Drain
Timers
Tin Cans
Tin Cutters
Tinware
Tire Chains
Tires and Tubes
Tissues, Cleansing
Toggle Bolts
Toilet Paper
Tokens
Tongs
Tongue Depressors
Tools, Hand, Not in Sets
Topsoil
Tow Bars
Towels
Toys
Tracing Cloth
Tracing Paper
Trammels
Transformers, Laboratory
Transmissions, Integral Parts of Larger Units
Triangles, Drafting
Trimmers, Hedge, Hand
Trophies
Trowels
Tubes, Inner
Tubes, Radio
Tubes, Television
Tubing Materials
Tumblers, Glass
Tuning Forks
Turpentine
Tweezers
Twine
Type Cleaner
Type Liners
Type, Matrix
Type, Printing
Typewriter Brushes
Typewriter Covers
Typewriter Ribbons

U

Unguents
Uniforms
Upholstering Materials
Urns, Flower
Utensils

V

Vacuum Bottles
Valve Parts
Valves
Vaporizers, Electric
Varnish Driers
Varnish Removers
Varnishes
Vases
Vaulting Poles
Vegetables
Vines
Vises, Small Hand
Vision Charts
Volleyball Nets
Volleyballs

W

Wall Brushes
Wallboard
Wallpaper
Washbasins
Washcloths
Washers, Rubber and Leather
Washing Powders
Washtubs
Waste, Machinists, etc.
Wastebaskets
Watch Crystals
Watches, Stop
Watercolor Brushes
Water Glasses
Water Softeners
Wax Crayons
Waxes, Liquid
Waxes, Paste
Waxes, Sealing
Weighing Scales, Small Spring
Weights
Welding Rods

LIST OF SUPPLIES (Continued)

Wheels, Automobile
Wheels, Emery
Whetstones
Whiskbrooms
Whistles
Window Glass
Window Screens
Window Shades
Window-Working Safety Belts
Wipers
Wire
Wood, Plastic
Wood, Fillers
Wood Preservatives
Wood Stains
Wool
Wool, Glass
Wool, Steel
Wrapping Paper
Wrenches, Not in Sets
Writing Paper

Y

Yard Brooms
Yardsticks
Yard

Z

Zinc

## CRITERIA FOR EQUIPMENT ITEMS

An equipment item is a material unit which meets *all* of the following conditions:

1. It retains its original shape and appearance with use.
2. It is nonexpendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit (which is not true of supplies).
3. It represents an investment of money which makes it feasible and advisable to capitalize the item.
4. It does not lose its identity through incorporation into a different or more complex unit or substance.

Criterion number 4 is very important, especially if capital outlay expenditures are to be depreciated, in memorandum accounting, to arrive at equipment *use* cost.

## LIST OF EQUIPMENT

The following list of equipment is not all inclusive but does represent many of the common equipment items. Items of built-in or fixed equipment are not included in the list because expenditures for them are recorded under different accounts from those for other equipment.

A

Accounting Machines
Adding Machines
Addressing Machines
Air Compressors
Air Conditioning Units, Casement
Air Hoists
Alidades, Telescopic
Alignment Gauges, Chamber, Toe-in, etc.
Anatomical Models
Andirons
Anemometers
Anvils
Apparatus Cabinets
Aquariums
Arc Welding Apparatus
Armature Growlers
Astrographs, Wall
Audiometers
Autoclaves
Automobile Lifts
Automobiles

B

Balances, Beam
Baling Presses, Compression Moulding
Band Instruments

LIST OF EQUIPMENT (Continued)

Band Saws
Barbershop Tools, Electrical
Barber-Type Furniture
Barographs
Barometers
Bars, Horizontal, Portable
Battery Chargers
Beaters, Egg, Electric
Beauty Class Furniture
Beds
Bellows, Power
Benches
Bicycle Racks, Portable
Bicycles
Billing Machines
Binders, Agricultural
Biological Models
Blackboards, Portable
Bleachers, Portable
Blood Analysis Apparatus, Complete
Blood Plasma Cabinets
Blood Pressure Apparatus
Blueprint Machines
Boards, Bulletin, Portable
Boats or Canoes
Bodies, Bus
Bodies, Truck
Book Stacks
Book Trucks
Bookbinding Machinery
Bookcases, Sectional
Bookkeeping Machines
Books, Library
Boring Machines, Precision Table or Vertical Types
Boxing Rings, Complete
Boyle's Law Apparatus, Complete Unit
Brake Lining Machines
Brakes and Folders, Hand or Power
Bread Slicers, Mechanical
Bread Toasters, Electric
Bridges, Wheatstone and Similar
Broilers, Electric
Brooms, Power Driven
Buffers, Electric
Bulletin Boards, Portable
Bus Wagons
Buses

C

Cabinets, Apparatus
Cabinets, Beverage Cooling, Ice or Electric
Cabinets, Filing
Cabinets, Frozen Food Storage
Cabinets, Ice Cream, Ice or Electric
Cabinets, Laboratory
Cabinets, Lantern Slide
Cabinets, Print, Drafting
Cabinets, Printers, Galley
Cabinets, Printers, Type
Cabinets, Supply
Calculating Machines
Calorimeters, Continuous Flow
Calorimeters, Electric
Cameras, Motion Picture
Cameras, Still
Canners
Canoes
Card Punching and Sorting Devices
Card Racks
Card Tables
Carpets
Cases, Display
Cases, File
Cases, Laboratory
Cases, Supply
Cases, Type
Cattle
Centering Machines
Centrifuges
Chain Hoists
Chairs
Chairs, Folding
Chargers, Battery
Chart Stands
Chassis, Bus
Chassis, Truck
Check Handling Machines
Checkwriters
Chisels, in Sets
Choppers, Food, Power
Cleaners, Steam Vapor

LIST OF EQUIPMENT (Continued)

Cleaners, Vacuum
Clinometers, Photoelectric
Clippers, Hair, Electric
Clocks, Wall
Cloth Cutting Machines
Clothes Dryers
Clutch Rebuilding Apparatus
Coffee Grinders
Coffee Percolators, Electric
Coffee Urns
Coin, Currency, and Check Handling Machines
Collapsible Tables
Colorimeters
Combines
Combustion Analyzers
Comparators
Compasses, Magnetic
Compressors, Air
Computing Machines
Connecting Rod Aligners
Connecting Rod Boring Machines
Connecting Rod Rebabbiting Jogs
Conveyors
Cookers, Pressure
Cooking Stoves
Coolers, Water
Costumers
Cots
Couches
Counter Freezers
Cultivators
Cupboards
Cylinder Boring Machines
Cylinders, Gas

D

Dating Machines
Deep Fat Fryers
Deep Freezers
Dental Benches
Dental Cabinets
Dental Chairs
Dental Drilling Apparatus
Desks
Dictating Machines
Dictionaries, Large Unabridged
Dictionary Stands
Dies, in Sets
Diesel Engines for use in Classrooms
Discs, Optical
Dish Trucks
Dishwashing Machines
Display Cases
Distilling Apparatus
Ditto Machines
Drafting Machines
Drawing Tables
Drift Meters
Drill Presses, Bench, Floor or Radial
Drills, Power
Drinking Water Coolers, Electric or Ice
Drums, Bass, Kettle, Snare
Dryers, Clothes
Dryers, Hair
Drying Units, Infrared
Duplicating Machines

E

Easels
Eggbeaters, Electric
Electric Clippers, Sheep, Horse
Electric Dishwashers
Electric Floor Scrubbers
Electric Hot Plates
Electric Irons
Electric Mixers
Electric Sanding Machines
Electric Toasters
Electric Tube Testers
Electric Vacuum Cleaners
Electric Welding Apparatus
Electrolysis Apparatus
Electronic Deviation Meters
Electronic Frequency Meters
Electronic Power Supply and Voltage
Electronic Recording Devices, Graphical and Visual
Electronic Volt-Ohmmeters
Embossers
End Tables
Engine Flushing Machines
Engines, for Use in Classrooms
Enlargers
Envelope Sealers
Erasers, Electric

LIST OF EQUIPMENT (Continued)

Exhibit Cases
Exposure Meters, Camera
Extensometers
Extinguishers, Fire
Extractors

F

Falling Weight Rammers
Fans, Electric, Portable
Figures, Geometrical, Models, in Sets
Filing Cabinets
Filing Machines
Fire Extinguishers
Fireplace Fixtures
Flatirons, Electric
Floor Scrubbers, Electric
Fluoroscopes
Folding Chairs
Folding Tables
Forges
Forms, Dress
Forms, Geometrical, Model, in Sets
Foundry Machinery
Frames, Blueprint
Freezers
Freezers, Ice Cream
Frequency Meters
Furnaces, Laboratory
Furnaces, Remelting, Type Metal
Furniture

G

Galvanometers
Galvanoscopes
Gas Compressors
Gas Cylinders
Gas Meters, Laboratory
Gas Plates
Gas Stoves
Gasoline Dispensing Pumps, Electric
Gear Cutting Machines
Gelatin Duplicators
Generators, Not Integral Parts of Larger Units
Geographic Globes, Large Stand Type
Globes, Geographic, Large Stand Type
Grass Shears, Power Operated
Grinders, Power Operated
Guns, Starting

H

Hair Clippers, Electric
Hair Dryers
Hall Trees
Hammers, Autobody, Pneumatic, etc.
Hammers, Electric, Hand
Handtools, in Sets
Handtools, Power Driven, Pneumatic and Electric
Handtrucks
Harnesses
Harrows
Heaters, Portable
Hectographs
Hoists, Electric or Pneumatic
Holders, Dictionary
Horses
Horses, Gym Equipment
Hotplates
Hurdles
Hydraulic Jacks, Garage Type

I

Ice Cream Freezers
Inductance Standards
Instruments, Band and Musical
Instruments, Musical
Instruments, Recording, Electrical
Interferometers
Ironers
Irons, Electric

J

Jacks, Garage Type, Hydraulic
Jointers
Juice Extractors, Electric
Jump Standards

K

Key Racks
Kilns
Kitchen Tables

## LIST OF EQUIPMENT (Continued)

### L

Laboratory Balances, Beam
Laboratory Furniture
Laboratory Models
Lamps, Electric Floor
Lantern Slide Cabinets
Lathes, Brake Drum
Lathes, Engine
Lathes, Turret, or Automatic Screw Machines
Lathes, Wood-Turning
Lawnmowers
Lawn Rollers
Lead, Slug and Rule Casting Machines, Elrod
Lecterns
Letter Presses
Library Books
Library Furniture
Library Trucks
Lifts, Vehicle
Lighting Units, Blueprinting
Line Markers, Large Push Type
Linotypes
Livestock
Lockers, Not Built-in
Looms

### M

Machine Tools
Machinery, Canning
Machinery, Cement Making
Machines, Adding
Machines, Addressing
Machines, Billing
Machines, Bookkeeping
Machines, Brake Lining
Machines, Calculating
Machines, Check Handling
Machines, Coin Handling
Machines, Coin Operated
Machines, Dating, Power
Machines, Dictating
Machines, Dishwashing
Machines, Drafting
Machines, Drycleaning
Machines, Duplicating
Machines, Laundry
Machines, Mimeograph
Machines, Mixing
Machines, Numbering, Power
Machines, Polishing
Machines, Pressing
Machines, Sanding
Machines, Scrubbing
Machines, Sewing
Machines, Stamping, Power
Machines, Tabulating
Machines, Washing
Machines, Waxing
Magazine Racks, Large Stand
Markers, Line, Large Push Type
Medicine Cases
Metabolism Apparatus
Metalworking Machinery
Meters, Watt, Laboratory Type
Microfilm Readers and Viewers for Office Use
Micrometers, in Sets
Microprojectors
Microscopes
Milking Machines
Millameters
Milling Machines, Bench or Floor
Millivoltmeters
Mimeograph Machines
Mirrors, Large Wall
Mitre Boxes
Mixers, Electric
Models, Shop and Laboratory
Mop Trucks
Mortisers
Motion Picture Projectors
Motor Analyzers
Motor Generator Sets
Motor Vehicles
Motorcycles
Motors, Not Integral Parts of Larger Units
Mowers
Music Stands
Musical Instruments

### N

Nets, Steel
Nibbling Machines

LIST OF EQUIPMENT (Continued)

Noise and Field Strength Meters
Numbering Machines, Power

O

Office Composing Machines, Varitypes, etc.
Office Furniture
Ohmmeters
Optical Discs
Organs
Oscillographs
Output Meters
Ovens

P

Paint Spraying Outfits
Paper Cutters
Peelers, Electrical
Percolators, Coffee, Electric
Permanent Waving Machines
Phonographs
Photocopying Apparatus
Photoengraving Apparatus
Photometers
Pianos
Pictures, Large Wall
Pipe Dies, in Sets
Planers, Power
Planing Machines, Photoengravers
Plaques, Permanent
Plates, Bench
Plates, Hot
Platforms
Plows, Field
Plows, Snow
Polarimeters
Polariscopes
Postal Meters
Potato Peelers, Large, Machine
Power Sprayers and Dusters
Presses, Arbor
Presses, Book, Bookbinders
Presses, Cylinder, Flat Bed, Printing
Presses, Engraving
Presses, Letter
Presses, Lithographic or Offset Printing
Presses, Power
Presses, Punch, Foot Power
Printing Cases
Printing Frames
Printing Presses
Projectors, Motion Picture
Projectors, Still
Pruners, Power
Public Address Systems, Portable
Push Carts
Pyrometers

R

Radio Receiving Sets
Radio Transmitters
Rakes, Window
Ranges, Cooking
Record Players
Recorders, Sound
Reference Books
Refracting Apparatus
Refrigerators, Electric or Ice, Not Built-in
Registers, Cash
Rings, Flying
Rollers, Lawn
Routers, Plate, Photoengraving
Rowboats
Rugs, Room Size

S

Saccharimeters
Safes
Sanding Machines
Saws, Band
Saws, Circular
Saws, Power Hack
Scales, Beam Balance
Screens, Projection, Portable
Scrubbing Machines
Sealers, Envelope
Seats
Sectional Bookcases
Settees
Sewing Machines
Shakers, Laboratory

LIST OF EQUIPMENT (Continued)

Shapers, Bench and Floor
Shears, Poweroperated
Shears, Power-operated
Shorthand Writing Machines
Slicers, Bread, Mechanical
Socket Wrench Sets
Soil Penetrometers
Soil Test Molds
Sound Recorders
Spark Plug Cleaning Machines
Spectroscopes
Sphygmomanometers
Spirometers
Sprayers, Power
Spreaders, Manure
Spreaders, Tire
Stacks, Tire
Stacks, Book
Stadia Rods
Stadiometers
Stamping Machines, Power
Standards, Jump
Stands, Chart
Stands, Engine Repair
Stands, Umbrella
Staplers, Foot or Power Operated
Statuary
Stereoscopes
Sterilizers
Stitchers
Stones, Printers
Stools
Stoves
Striking Bag Outfits
Supply Cases

T

Tables
Tabulating Machines
Tanks, Bulk Storage, not Integral Parts of Buildings or Building Services
Television Sets
Tennis Court Nets, Steel
Tents, Wall
Theodolites and Tripods
Thermographs
Toasters, Electric
Tool Sets, Hand
Tractors
Transmissions, not Integral Parts of Larger Units
Trimmers, Hedge, Power
Tripods, Camera
Trucks, Hand
Trucks, Motor
Tunnels, Models, Wind
Typecases
Typecasting Machines
Typewriter Desks
Typewriters

U

Umbrella Stands
Urns, Coffee

V

Vacuum Cleaners
Vacuum Type Voltmeters
Vending Machines
Vibrographs
Vises, Bench
Voltmeters

W

Wagons
Washers and Dryers, Photographic
Washing Machines
Watchmen's Timeclocks
Water Coolers
Water Meters, Laboratory Type
Watt Meters, Laboratory Type
Wave Meters and Wave Analyzers
Waxing Machines
Weaving Machines
Weighing Scales, Beam
Welding Apparatus
Wheel Straightening Apparatus
Wheelbarrows
Wheels, Pottery
Workbenches
Worktables
Wrenches, in Sets

X

X-ray Machines

Y

Yard Benches

# Appendix B

# GLOSSARY

This section contains definitions of selected terms *as used in this handbook* and definitions of some additional terms as seems necessary for a common understanding of LEA accounting systems. Extensive use of the glossary will help establish a high degree of comparability in LEA records and reports. The glossary is arranged alphabetically with appropriate cross-referencing. Where a definition has been modified, the handbook reference is given; e.g., I, II, III, IV, V, VI, and VII, followed by the letter "M".

Some of the definitions have been taken from Handbooks I,[1] II,[2] III,[3] IV,[4] V,[5] VI,[6] and VII[7] in the *State Educational Records and Reports Series.* In such cases, the definition used in this handbook is taken from the latest handbook in which the term is defined.

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[1] Paul L. Reason; Emery M. Foster, and Robert F. Will, *The Common Core of State Educational Information.* Washington, D.C.: U.S. Government Printing Office, 1953. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook I, Bulletin 1953, No. 8.

[2] Paul L. Reason and Alpheus L. White, *Financial Accounting for Local and State School Systems, Standard Receipt and Expenditure Accounts.* Washington, D.C.: U.S. Government Printing Office, 1957. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook II, Bulletin 1957, No. 4.

[3] Paul L. Reason and George G. Tankard, Jr., *Property Accounting for Local and State School Systems.* Washington, D.C.: U.S. Government Printing Office, 1959. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook III, Bulletin 1959, No. 22.

[4] Allan R. Lichtenberger and Richard J. Penrod, *Staff Accounting for Local and State School Systems.* Washington, D.C.: U.S. Government Printing Office, 1966. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook IV, Bulletin 1965, No. 18.

[5] John F. Putnam and George G. Tankard, Jr., *Pupil Accounting for Local and State School Systems.* Washington, D.C.: U.S. Government Printing Office, 1964. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook V, Bulletin 1964, No. 39.

[6] John F. Putnam and W. Dale Chismore, *Standard Terminology for Curriculum and Instruction in State and Local School Systems.* Washington, D.C.: U.S. Government Printing Office, 1970. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook VI, Bulletin 1970, No. 23052.

[7] Yeuell Y. Harris and Ivan N. Seibert, *The State Education Agency.* Washington, D.C.: U.S. Government Printing Office, 1971. U.S. Department of Health, Education, and Welfare, Office of Education, State Educational Records and Reports Series: Handbook VII, Bulletin 1971, No. 23054.

## A

**Abatement.** A reduction of a previously recorded expenditure or receipt item by such things as refunds, rebates, and collections for loss or damages to school property. (II)

**Account.** A descriptive heading under which are recorded financial transactions that are similar in terms of a given frame of reference, such as purpose, object, or source. (II)

**Accountability.** The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals. (VII)

**Accounting.** The procedure of maintaining systematic records of events relating to persons, objects, or money and summarizing, analyzing, and interpreting the results of such records. (VII M)

**Accounting Ledgers.** See *Ledger.*

**Accounting Period.** A period at the end of which and for which financial statements are prepared; for example, July 1 to June 30. (II)

**Accounting System.** The total mechanism of records and procedures of recording, retrieving, and reporting information on the financial position and operations of a governmental unit or any classifying of its funds, balanced account groups, and organizational components.

**Accounts Receivable.** Amounts owing an open account from private persons, firms, or corporations for goods and services furnished by a LEA (but not including amounts due from other funds or from other governmental units). Although taxes receivable are covered by this term, they should be recorded and reported separately in the *Taxes Receivable* account. (VII M)

**Accrual Basis.** The basis of accounting under which revenues are recorded when earned or when levies are made, and expenditures are recorded as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. See also *Current Expense, Estimated Revenue,* and *Expenditures.* (VII)

**Accrue.** To record revenues when earned or when levies are made, and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. Sometimes the term is used in a restricted sense to denote the recording of revenues earned but not yet due, such as accrued interest on investments and the recording of expenditures which result in liabilities that are payable in another accounting period, such as accrued interest on bonds. See also *Accrual Basis, Accrued Expenses, Accrued Liabilities,* and *Accrued Revenue.* (VII)

**Accrued Expenses.** Expenses which have been incurred and have not been paid as of a given date. See also *Accrual Basis* and *Accrue.* (II)

**Accrued Interest.** Interest accumulated between interest dates but not yet due. (II)

**Accrued Interest on Investments Purchased.** Interest accrued on investments between the last interest payment date and date of purchase. The account is carried as an asset until the first interest payment date after date of purchase. At that time an entry is made debiting account *Cash* and crediting the *Accrued Interest on Investments Purchased* account for the amount of interest purchased and an *Interest Earnings* account for the balance.

**Accrued Liabilities.** Amounts owed but not yet due; for example, accrued interest on bonds or notes. See also *Accrued Expenses.* (VII)

**Accrued Revenue.** Levies made or other revenue earned and not collected regardless of whether due or not.

**Administration.** Those activities which have as their purpose the general direction, execution, and control of the affairs of the LEA that are systemwide and not confined to one school, subject, or narrow phase of school activity. (VII M)

**Administrative Action.** Any action which results in the general regulation, direction, or control of the affairs of the organizational unit. (VII)

**Administrative Unit, Intermediate.** A unit smaller than the State which exists primarily to provide consultative, advisory, or statistical services to local basic administrative units, or to exercise certain regulatory and inspectoral functions over local basic administrative units. An intermediate unit may operate schools and contract for school services, but it does not exist primarily to render such services. Such units may or may not have taxing and bonding authority. Where there is a supervisory union board, the union is included as an intermediate unit. (II)

**Administrative Unit, Local Basic.** An administrative unit at the local level which exists primarily to operate schools or to contract for school services. Normally, taxes can be levied against such units for school purposes. These units may or may not have the same boundaries as county, city, or town boundaries. (This term is used synonymously with the term "school system," and "LEA). (II M)

**Admissions.** Money received for a school-sponsored activity such as a dance or football game. Admissions may be recorded in separate accounts according to the type of activity.

**Adult Basic Education.** Learning experiences concerned with the fundamental tools of learning for adults who have never attended school or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education to increase self confidence, and/or self determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.

**Adult/Continuing Education.** Learning experiences designed to develop knowledge and skills to meet immediate and long range educational objectives for adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning, to prepare for a postsecondary career, to prepare for postsecondary education programs, to upgrade occupational competencies, to prepare for a new or different career, to develop skills and appreciations for special interests, or to enrich the aesthetic qualities of life.

**Adult/Continuing Education Tuition.** Money received as tuition for students attending adult/continuing education classes. Separate accounts may be maintained for tuition received for residents and for tuition received for nonresidents.

**Ad Valorem Taxes Levied by Another Government Unit.** Taxes levied for school purposes by a govenment unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after a LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount. Separate accounts may be maintained for real property and for personal property.

**Ad Valorem Taxes Levied by LEA.** Taxes levied by a LEA on the assessed valuation of real and personal property located within the LEA which, within legal limits, is the final authority in determining the amount to be raised for school purposes. Separate accounts may be maintained for real property and for personal property.

**Advance From "A" Fund.** A liability account used to record a debt owed by one fund to another fund in the same governmental unit. It is recommended that separate accounts be maintained for each interfund receivable loan.

**Advance to "A" Fund.** An asset account used to record a loan by one fund to another fund in the same governmental unit. It is recommended that separate accounts be maintained for each interfund receivable loan.

**Advanced Adult Education.** Learning experiences designed to develop the knowledge, skills, appreciations, attitudes, and behavioral characteristics considered to be needed by adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities and are preparing for postsecondary careers and/or postsecondary education programs.

**Advancement Accounts.** See *Revolving Fund.*

**Agent.** One who represents, acts for, and accounts to another. The powers of a *general* agent are broad. He initiates transactions in the name of his principal and carries on operations within a large discretionary area. His functions often resemble those of a general

manager. A *special* agent, on the other hand, is restricted to the performance of a single act or the conduct of a single transaction.

**Aggregate Days Attendance.** The sum of the days present (actually attended) of all pupils when school was actually in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *Day in Session* and *Day of Attendance.* (VII)

**Aggregate Days Membership.** The sum of the days present and absent of all pupils when school was in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *Day in Session* and *Day of Attendance.* (V)

**Allot.** To divide an appropriation into amounts for certain periods or for specific purposes. (II)

**Allotment.** The amount allotted for a certain period or purpose. (II)

**Allotment Ledger.** A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures, encumbrances, the net balance, and other related information. See also *Appropriation Ledger.* (II)

**Amortization of Debt.** (a) Gradual payment of an amount owed according to a specified schedule of times and amounts. (b) Provision for paying a debt by means of a Sinking Fund. (II)

**Amount Available in Debt Service Funds.** An account in the General Long-Term Debt group of accounts which designates the amount of assets available in a Debt Service Fund for the retirement of general obligation term bonds.

**Amount To Be Provided for Payment of Bonds.** An account in the General Long-Term Debt group of accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

**Apportionment.** See *Allotment.*

**Appraisal.** The act of making an estimate of value, particularly of the value of property, by systematic procedures that include physical examination, pricing, and often engineering estimates. Also, the value established by estimating. (VII)

**Appraised Value.** The value established by appraisal. See also *Appraisal.*

**Appropriation.** An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. (II)

**Appropriation, School.** Money received out of funds set aside periodically by the appropriating body (district meeting, city council, or other governmental bodies) for school purposes; which funds have not been specifically collected as school taxes. (II)

**Appropriation Balance.** See *Unencumbered Balance of Appropriation or Allotment,* and *Unexpended Balance of Appropriation or Allotment.*

**Appropriation Expenditure.** An expenditure chargeable to an appropriation. (II)

**Appropriation Ledger.** A ledger containing an account with each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amount charged against the appropriation, the encumbrances, the net balance, and other related information. If allotments are made and a separate ledger is maintained for them, each account usually shows the amount appropriated, transfers to or from the appropriation, the amount allotted, and the unallotted balance. See also *Allotment Ledger.* (II)

**Appropriations Received From Local Governmental Units Other Than LEA.** Money received from the appropriations of another local governmental unit. The LEA is not the final authority, within legal limits, in determining the amount of money to be received, and the money is raised by taxes, or other means which are not earmarked for school purposes.

**Architecture and Engineering.** Pertains to architectural and engineering activities related to Land Acquisition and Improvement and Building Acquisition, Construction, and Improvements.

**Area of Responsibility.** A subdivision of a Service Area consisting of activities which, regardless of their nature, have a common purpose directly related to the operational objective of the Service Area. (IV)

**Assessment, Special.** A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public and of special benefit to the owners of such properties. (II)

**Assets.** The things of value a LEA owns. See also *Fixed Assets.* (II B)

**Attendance, Aggregate Days.** See *Aggregate Days Attendance.*

**Audiovisual Aids.** Optical, electronic, and other devices—and related supplies—which are designed to enhance learning through the combined senses of hearing and sight; e.g., sound, motion pictures, printed materials, and television. Frequently two or more of these components are combined into electronic distribution systems, some of which incorporate remote or dial access capabilities. See also *Educational Media.* (VII)

**Audit.** The examination of records and documents and the securing of other evidence for one or more of the following purposes: (a) determining the propriety of proposed or completed transactions, (b) ascertaining whether all transactions have been recorded, (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from the accounts. (II)

**Audited Voucher.** A voucher which has been examined and approved for payment. (II)

**Average Daily Attendance, ADA.** The aggregate days attendance of a given school during a reporting period divided by the number of days school is in session during this period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. The average daily attendance for groups of schools having varying lengths of terms is the sum of the average daily attendances obtained for the individual schools. See also *Aggregate Days Attendance, Day in Session,* and *Day of Attendance.* (VII)

**Average Daily Membership, ADM.** The aggregate days membership of a school during a reporting period divided by the number of days school is in session during this period. Only days on which pupils are under the guidance and direction of teachers should be considered as days in session. The average daily membership for groups of schools having varying lengths of terms is the sum of the average daily memberships obtained for the individual schools. See also *Aggregate Days Membership, Day in Session,* and *Membership.* (VII)

## B

**Balance Sheet.** A formal statement of assets, liabilities, and fund balance as of a specific date. (VII)

**Balance Sheet Accounts.** See *Balance Sheet.*

**Board of Education Services.** The activities of the elected or appointed body which has been created according to State law and vested with responsibilities for educational activities in a given geographical area. These bodies are sometimes called school boards, governing boards, boards of directors, school committees, school trustees, etc. This Service Area relates to the general term and covers State boards, intermediate administrative unit boards, and local basic administrative unit boards.

**Board Secretary.** The duties of the secretary of the board of education.

**Board Treasurer.** The duties of the treasurer of the board of education.

**Bond.** A written promise, generally under seal, to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality. See also *Refunding Bonds, Serial Bonds, Surety Bonds,* and *Term Bonds.* (II)

**Bond Attorney.** The attorney who approves the legality of a bond issue. (II)

**Bond Discount.** The excess of the face value of a bond over the price for which it is acquired or sold. The price does not include accrued interest at the date of acquisition or sale. (VII)

**Bond Premium.** The excess of the price at which a bond is acquired or sold, over its face value. The price does not include accrued interest at the date of acquisition or sale. (II)

**Bonded Debt.** The part of the LEA debt which is covered by outstanding bonds of the LEA. Sometimes called "Funded Debt." (II)

**Bond Proceeds Receivable.** An account used to designate the amount receivable upon sale of bonds.

**Bonds Authorized–Unissued.** Bonds which the LEA can issue without further proceedings other than to direct their sale. The account is included among the resources of the Capital Projects Fund offset by a credit to Appropriations. When the bonds are sold, the account would be credited and *Cash* debited. An alternative approach is not to show the *Bonds Authorized–Unissued* account in the balance sheet but merely to call attention to the amount of bonds that have been authorized and not issued in a footnote to the appropriate balance sheet. In this case, the journal entry at the time bonds are sold would be a debit to *Cash* for the proceeds and a credit to the revenue account, *Sales of Bonds.*

**Bonds Payable.** The face value of bonds issued and outstanding.

**Bookstore Sales.** Revenues of sales resulting from the operation of a bookstore. Bookstore sales can be part of the distributive education courses offered, pupil organization sponsored, or a LEA enterprise. Sales may be recorded in separate accounts according to the type of product sold.

**Book Value.** Value as shown by books of account. (II)

**Budget.** A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. The budget usually consists of three parts. The first part contains a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them. The second part consists of schedules supporting the summary. The schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect. (VII).

**Budgetary Accounts.** Those accounts necessary to reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts. See also *Proprietary Accounts.* (II)

**Budgetary Control.** The control or management of the business affairs of the LEA in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.(II)

**Budget Document.** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

**Budgeting.** Pertains to budget planning, formulation, administration, analysis, and evaluation.

**Building Acquisition, Construction, and Improvements.** Pertains to building acquisition through purchase or construction, and building improvements. It includes initial installation or extension of service systems and other built-in equipment, as well as building additions.

C

**Capital Outlay.** An expenditure which results in the acquisition of fixed assets or additions to fixed assets which are presumed to have benefits for more than one year. It is an expenditure for land or existing buildings,

improvements of grounds, contruction of buildings, additions to buildings, remodeling of buildings, or initial, additional, and replacement of equipment. (VII M)

**Capital Project Fund.** Used to account for all resources used for acquisition of capital facilities including real property.

**Care and Upkeep of Buildings.** Pertains to cleaning the buildings of school plants or supporting services facilities; operating such equipment as heating and ventilating systems; keeping the school plant safe for occupancy and use; and keeping the buildings and built-in equipment of the LEA in a state of good condition and repair.

**Care and Upkeep of Grounds.** Pertains to maintaining the grounds and the equipment on the grounds (other than buildings) owned or used by the school or LEA in a state of good condition and repair.

**Care and Upkeep of Equipment.** Pertains to maintaining equipment owned or used by the school or LEA. It includes such activities as servicing and repairing furniture, machines, and other equipment that is not built-in.

**Cash.** Currency, checks, postal and express money orders, and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash; and bank deposits. Any restriction or limitations as to its availability should be indicated.(II)

**Cash Basis.** The basis of accounting under which revenues are recorded only when actually received, and only cash disbursements are recorded as expenditures. (II)

**Cash Change Fund.** A sum of money set aside for the purpose of providing cash register change.

**Cash Discounts.** An allowance received or given by vendors for payment of invoices within a stated period of time.

**Cash With Fiscal Agent.** Deposits with fiscal agents, such as commercial banks, for the payment of matured bonds and interest. (II B)

**Categorical Aid.** Educational support funds provided from a higher governmental level and specifically limited to (earmarked for) a given purpose; e.g., special education, transportation, or vocational education.

**Central Administrative Office.** An office or building used primarily for housing personnel and equipment engaged in activities which have as their purpose the general requlation, direction, and control of the affairs of the LEA that are systemwide and not confined to one school, subject, or narrow phase of school activity.

**Chart of Accounts.** A list of all accounts generally used in an individual accounting system. In addition to account title, the chart includes an account number which has been assigned to each account. Accounts in the chart are arranged with accounts of a similar nature; for example, assets and liabilities. (II B)

**Check.** A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable; and it differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing marks of a voucher and a check; it shows the propriety of a payment and is an order to pay. (II)

**Civic Activities.** School related activities such as parent-teacher association meetings and such non-school related civic activities as public forums, lectures, and civil defense planning usually connected with school services.

**Classification, Object.** See *Object Classification.*

**Clearing Accounts.** Accounts used to accumulate total receipts or expenditures either for later distribution among the accounts to which such receipts or expenditures are properly allocable, or for recording the net differences under the proper account. See also *Revolving Fund, Prepaid Expenses,* and *Petty Cash.* (II)

**Clerical Personnel.** Personnel occupying positions which have as their major responsibilities the preparing, transferring, transcribing, systematizing, or preserving of written communications and records. This also includes stock clerks and shipping clerks. (II)

**Cocurricular Activities.** Cocurricular activities (experiences) are comprised of the group of school-sponsored activities, under the guidance or supervision of qualified adults, designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups—at school events, public events or a combination of these—for such purposes as motivation, enjoyment, and improvement of skills. In practice, participation usually is not required and credit usually is not given. When participation is required or credit is given the activity generally is considered to be a course. (VI M)

**Code.** See *Coding.*

**Coding.** Distinguishing among items and categories of information by assigning numbers or other symbolic designations so that the items and categories are readily identifiable. (VII)

**Communication.** Expenditures for telephone and telegraph services as well as postage machine rental and postage.

**Community/Junior College.** An insitution of higher education which usually offers the first 2 years of college instruction and career education, grants an associate's degree, and does not grant a bachelor's degree. It is either a separately organized institution (public or nonpublic) or an institution which is a part of a public school system or system of junior colleges. Offerings include transfer, occupational, and/or general studies programs at the postsecondary instructional level and may also include adult education programs. (V R)

**Community Recreation.** Concerned with providing recreation programs for the community as a whole, or for some segment of the community. It includes such staff activities as organizing and supervising playgrounds, swimming pools, and other recreation programs for the community.

**Community Relations.** Concerned with conducting community relations activities. It includes maintaining liaison with local civic groups, serving as the central point for all requests for public speaking engagements, responses to public inquiry, arranging for tours of, and visits to, the LEA.

**Community Services.** Services, other than public school and adult education functions, provided by the school or LEA for purposes relating to the community as a whole or some segment of the community. These include such services as community recreation programs, civic activities, public libraries, programs of custody and care of children, community welfare activities, and services for nonpublic school pupils provided by the public schools on a continuing basis. (IV)

**Comparability.** The characteristic of commonality among or between selected elements measured in terms of identical constants. The accuracy of the measurement of the degree of comparability is usually dependent on the number of constants applied.

**Computer-Assisted Instruction.** Programed instruction utilizing an electronic computer as the principal medium of instruction.

**Consultant.** A person who gives professional or technical advice and assistance. A consultant may perform his services under contract (purchased services) or he may be an employee on the payroll of a State agency.

**Consultants or Supervisors of Instruction.** See *Supervisors of Instruction.*

**Contingent Fund.** Assets or other resources set aside to provide for unforeseen expenditures, or for anticipated expenditures of uncertain amount.

**Contingent Liabilities.** Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, and unsettled disputed claims.

**Contracted Services.** Services rendered by personnel who are not on the payroll of the LEA including all related expense covered by the contract.

**Contracts Payable.** Amounts due on contracts for goods and services received by a LEA.

**Construction Contracts Payable.** Amounts due by a LEA on contracts for construction of buildings, structures, and other improvements.

**Construction Contracts Payable—Retained Percentage.**

Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

**Construction Work in Progress.** The cost of construction work undertaken but not yet completed.

**Continuing Education.** See *Adult/Continuing Education.*

**Contributions and Donations From Private Sources.** Money received from a philanthropic foundation, private individuals, or private organizations for which no repayment or special service to the contractor is expected. Separate accounts may be maintained for revenue unrestricted as to use, and revenue which is restricted as to use.

**Controlling Account.** An account usually kept in the general ledger in which the postings to a number of identical, similar, or related accounts are summarized so that the balance in the controlling account equals the sum of the balances of the detailed accounts. The controlling account serves as a check on the accuracy of the detailed account postings and summarizes the expenditures in relation to the budget estimates.

**Cost Accounting.** That method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job. (VII)

**Cost Benefit.** Analyses which provide the means for comparing the resources to be allocated to a specific program with the results *likely* to be obtained from it; or, analyses which provide the means for comparing the results *likely* to be obtained from the allocation of certain resources toward the achievement of alternate or competing objectives. (VII)

**Cost Center.** The smallest segment of a program that is separately recognized in the agency's records, accounts, and reports. Program-oriented budgeting, accounting, and reporting aspects of an information system are usually built upon the identification and use of a set of cost centers. (VII)

**Cost Effectiveness.** Analyses designed to measure the extent to which resources allocated to a specific objective under each of several alternatives actually contribute to accomplishing that objective, so that different ways of gaining the objective may be compared. (VII)

**Cost Ledger.** A subsidiary record wherein each project, job, production center, process, operation, product, or service is given a separate account under which all items of its cost are posted in the required detail. (II)

**Cost Per Pupil.** See *Current Expenditures Per Pupil.*

**Cost Unit.** The unit of product or service whose cost is computed. (II)

**Current.** The term refers to the fiscal year in progress. (II)

**Current Assets.** Cash or anything that can be readily converted into cash. (II B)

**Current Expenditures.** See *Current Expense.*

**Current Expenditures Per Pupil.** Current expenditures for a particular period of time divided by a pupil unit of measure. (II M)

**Current Expense.** Any expenditure except for capital outlay and debt service. Current expense includes total charges incurred, whether paid or unpaid. (II M)

**Current Expense, Total.** The total of all expenditures made during a period of time except for capital outlay and debt service. (II)

**Current Funds.** Money received during the current fiscal year from revenue which can be used to pay obligations currently due, and surpluses reappropriated for the current fiscal year. (II M)

**Current Liabilities.** Debts which are payable within a relatively short period of time, usually no longer than a year. See also *Floating Debt.* (II M)

**Current Loans.** A loan payable in the same fiscal year in which the money was borrowed. See also *Tax Anticipation Notes.* (II)

**Current Year's Tax Levy.** Taxes levied for the current fiscal period. (II)

**Custody and Care of Children.** The custodial care of children in residential day schools, or child care centers which are not part of, or directly related to, the instructional program, and where the attendance of the children is not included in the attendance figures for the LEA.

D

**Data.** See *Fact.*

**Data Bank.** A comprehensive collection of data, usually in machine-usable form (such as punch cards, tapes, and discs), which can be used for such purposes as drawing subsamples for special studies, checking hypotheses not formulated or tested previously, facilitating historical studies, and deriving summations and correlations. Typically, an educational data bank is comprised of component files relating to specific areas of information such as pupils, staff, property, finance, instructional programs, and the community. (VII)

**Data Processing.** The activities of collecting and organizing data, storing for future use, and preparing statistical reports. See *Machine Data Processing.*

**Day in Session.** A day on which the school is open and the pupils are under the guidance and direction of teachers in the teaching process. On some days the school plant itself may be closed and the student body as a whole engaged in school activities outside the school plant under the guidance and direction of teachers. Such days should be considered as days in session. Days on which school is closed for such reasons as holidays, teachers' institutes, and inclement weather should not be considered as days in session. (VII)

**Day of Attendance.** A day of attendance is one in which a pupil is present for the full day under the guidance and direction of a teacher while school is in session. When a pupil is present for only part of the day, it should be considered as a partial day of attendance in the same proportion that his time present at school bears to the total length of the school day. If overcrowded conditions make it necessary to hold two separate sessions with a different group of pupils in each session, a pupil attending for all of either session should be considered as having attended for the full day. An excused absence during examination periods or because of sickness, or for any other reason should not be counted as a day of attendance. See also *Day in Session.* (VII)

**Debt Service.** Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current loans. See also *Current Loans.* (VII)

**Debt Service Fund.** Used to finance and account for payment of interest and principal on all general obligation debt. Does not include money payable exclusively from special assessments or revenue debt issued for and serviced by a government enterprise.

**Deferred Charges.** Expenditures which are not chargeable to the fiscal period in which made but are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid expenses in that they usually extend over a long period of time and may or may not be regularly recurring costs of operation. See also *Prepaid Expenses.* (II)

**Deficit.** The excess of the obligations of a fund over the fund's resources. (II)

**Delinquent Taxes.** Taxes remaining unpaid on and after the date on which they become delinquent by statute. (II)

**Deposits.** Use of this account is normally restricted to long-term investments deposited by the LEA as a prerequisite to receiving services and/or goods.

**Deposits Payable.** Liability for deposits received as a prerequisite to providing or receiving services and/or goods.

**Depreciation.** Loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence. (II)

**Development.** Activities concerned with the evolving process of utilizing the products of research and considered judgment in the deliberate improvement of educational programs. (VII)

**Direct Costs.** Those elements of cost which can be easily, obviously, and conveniently identified with

specific activities or programs, as distinguished from those costs incurred for several different activities or programs and whose elements are not readily identifiable with specific activities. See also *Indirect Costs.* (VII)

**Direct Services.** Activities identifiable with a specific program. These are direct services for a particular program. Those activities concerned with the teaching-learning process are considered to be direct services for instruction.

**Disbursements.** Payments in Cash. See also *Cash.* (VII)

**Double Entry.** A system of bookkeeping which requires for every entry made to the debit side of an account or accounts an entry for the corresponding amount or amounts to the credit side of another account or accounts. (II)

**Due From "A" Fund.** An asset account used to indicate amounts owed to a particular fund by another fund in the same LEA for goods sold or services rendered. It is recommended that separate accounts be maintained for each interfund receivable.

**Due From "A" Government.** Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that separate accounts be maintained for each interfund receivable.

**Due to Fiscal Agent.** Amounts due to fiscal agents, such as commercial banks, for servicing a LEA's maturing indebtedness.

**Due to "A" Fund.** A liability account used to indiate amounts owed by a particular fund to another fund in the same LEA for goods and services rendered. It is recommended that separate accounts be maintained for each interfund receivable.

**Due to "A" Government.** Amounts owed by the reporting LEA to the named governmental unit. It is recommended that separate accounts be maintained for each interfund receivable.

**Dues and Fees.** Costs of memberships or assessments in professional or other organizations and payments to paying agents for services rendered.

## E

**Earned Interest.** Interest collected or due. (II)

**Educational TV.** Providing television programs as a part of the instructional program of the school or LEA. It includes writing, programing, and directing educational television programs.

**Educational Media.** Any device, content material, method, or experience used for teaching and learning purposes. These include printed and nonprinted sensory materials. See also *Audiovisual Aids.* (VII)

**Elections.** Services rendered in connection with any LEA election, including elections of officers, bond elections (regardless of whether or not the bond issues pass), and budget and appropriation elections.

**Elementary School.** A school classified as elementary by State and local practice and composed of any span of grades not above grade eight. A nursery school or kindergarten school is included under this heading *only* if it is an integral part of a regularly established school system. (IV)

**Employee Benefits.** Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement, and social security.

**Encumbrances.** Purchase orders, contracts, and salary or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when actual liability is set up. (VII)

**Endowment Fund.** A fund from which the income may be expended, but whose principal must remain intact. (II)

**Entry.** The record of a financial transaction in its

appropriate book of accounts. Also the act of recording a transaction in the books of accounts.

**Equipment.** Any instrument, machine, apparatus, or set of articles which (a) retains its original shape and appearance with use and (b) is nonexpendable; i.e., if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it than to replace it with an entirely new unit. (VII)

**Equity.** Equity is the mathematical excess of assets over liabilities. Generally this excess is called Fund Balance. (II B)

**Estimated Revenue.** If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period; if the accounts are kept on a cash basis, the term designates the amount of revenues estimated to be collected during a given period. (II)

**Estimated Uncollectible Tax Liens.** That portion of tax liens receivable which it is estimated will never be collected. The account is shown as a deduction from the *Tax Liens Receivable* account on the balance sheet in order to arrive at the net amount of tax liens receivable.

**Estimated Uncollectible Taxes.** A provision of tax revenues for that portion of taxes receivable which it is estimated will not be collected. The account is shown on the balance sheet as a deduction from the *Taxes Receivable* account in order to arrive at the net taxes receivable. Separate accounts may be maintained on the basis of tax roll year and/or delinquent taxes.

**Evaluation.** The process of ascertaining or judging the value or amount of an action or an outcome by careful appraisal of previously specified data in light of the particular situation and the goals and objectives previously established. (VII)

**Expenditures.** Charges incurred, whether paid or unpaid which are presumed to benefit the current fiscal year. (VII)

**Expenditure Character.** The period of time which the expenditure is presumed to benefit. Character classification of expenditures are: current expenditures, capital outlay, and debt service.

F

**Face Value.** As applied to securities, this term designates the amount of the liability stated in the security document. (II)

**Facilities Acquisition and Construction.** Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

**Fact.** An event, feat, or a piece of information presented as having objective reality.

**Federal Revenue.** Revenue provided by the Federal Government. Expenditures made with this revenue should be identifiable as federally supported expenditures.

**Federal Aid for Education.** Any grant made by the Federal Government for the support of education. See also *Grant, Public.*

**Fidelity Bond.** A bond guaranteeing the LEA against losses resulting from the actions of the treasurer, employees, or other persons of the system. See also *Surety Bond.* (II)

**Fidelity Bond Premiums.** Expenditures for any bonds guaranteeing the LEA against losses resulting from the actions of the treasurer, employees, or other persons of the system. Also recorded here are any expenditures (not judgments) made in lieu of fidelity bonds.

**Financial Accounting.** The recording and reporting of activities and events affecting the money of an administrative unit and its program. Specifically, it is concerned (1) with determining what accounting records are to be maintained, how they will be maintained, and the procedures, methods, and forms to be used, (2) with recording, classifying, and summarizing activities or events, (3) with analyzing and interpreting recorded data, and (4) with preparing and initialing reports and statements which reflect conditions as of a given date, the results of operations for a specific period, and the evaluation of status and results of operation in terms of established objectives. (VII)

**Fiscal Period.** Any period at the end of which a LEA

determines its financial condition and the results of its operations and closes its books. It is usually a year, though not necessarily a calendar year. The most common fiscal period for school systems is July 1 through June 30. (VII M)

**Fiscal Services.** Consists of activities involved with managing and conducting the fiscal operations of the LEA. This Service Area includes budgeting, receiving and disbursing, financial accounting, payroll, internal auditing, and purchasing.

**Fixed Assets.** Land, buildings, machinery, furniture, and other equipment which the LEA intends to hold or continue in use over a long period of time. "Fixed" denotes probability or intent to continue use or possession, and does not indicate immobility of an asset. (II)

**Fixed Assets Group of Accounts.** This self-balancing group of accounts is used to account for fixed assets owned by the LEA. Fixed assets purchased under Lease-Purchase agreements are entered in this group after the last payment is made.

**Fixed Charges.** Charges of a generally recurrent nature which are not readily allocated to other expenditure categories. They consist of such charges as: school board contributions to employee retirement, insurance and judgments, rental of land and buildings, and interest on current loans. They do not include payments to public schoolhousing authorities or similar agencies. (II)

**Floating Debt.** Liabilities (except bonds) payable on demand or at an early date; for example, accounts payable, bank loans, notes, or warrants. See *Current Liabilities.* (II)

**Floor Area.** See *Gross Floor Area.*

**Food Delivery.** Delivering prepared food, ready for serving, within the LEA.

**Food Preparation and Dispensing Services.** Concerned with preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities. It includes cooking, operating kitchen equipment, preparing salads, serving food, cleaning dishes, and storing dishes and kitchen equipment.

**Food Services.** Activities involved with the food services program of the school or LEA. This Service Area includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities, and the delivery of food.

**Food Service Fund.** Used to record financial transactions related to food service operations.

**Full-Time Equivalency.** The amount of time for a less than full-time activity divided by the amount of time normally required in a corresponding full-time activity. Full-time equivalency usually is expressed as a decimal fraction to the nearest 10th. (VI M)

**Full-Time Personnel.** School employees whose positions require them to be on the job on school days throughout the school year, at least the number of hours the schools in the LEA are in session. (II)

**Function.** An action which contributes to a larger action of a person, living thing, or created thing. (VII M)

**Fund.** An independent accounting entity with its own assets, liabilities, and fund balances. Generally, funds are established to account for financing of specific activities of an agency's operations. (VII)

**Fund Accounts.** All accounts necessary to set forth the financial operations and financial condition of a fund. (II)

**Fund Balance.** The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period. (II B)

**Fund, Endowment.** See *Endowment Fund.*

**Fund, General.** See *General Fund.*

**Fund, Permanent School.** See also *Endowment Fund* and *Permanent School Fund.*

**Fund, Revolving.** See *Revolving Fund.*

**Fund, Sinking.** See *Sinking Fund.* (VII)

**Fund, Special.** See *Special Fund.*

**Funded Debt.** Same as *Bonded Debt* which is the preferred term.

**Funding.** The conversion of judgments and other floating debt into bonded debt.

G

**Gain or Loss on Sale of Investments.** Gains or losses realized from the sale of bonds or stocks; gains represent the excess of the sales proceeds over cost or other basis at date of sale (cost less amortization of premium in the case of long-term bonds purchased at a premium over par value or cost plus amortization of discount on long-term bonds purchased at a discount under par value); gains realized from sale of U.S. Treasury bills represent interest income. Losses represent the excess of the cost or other basis at date of sale (as described above) over the sales proceeds.

**General Administration.** Consists of those activities involved in the overall general administrative responsibility for the entire LEA.

**General Fund.** Used to account for all transactions which do not have to be accounted for in another fund. Used to account for all ordinary operations of a LEA. (II M)

**General Ledger.** A book, file or other device in which accounts are kept to the degree of detail necessary, that summarizes the financial transactions of the LEA. General ledger accounts may be kept for any group of items of receipts or expenditures on which an administrative officer wishes to maintain a close check. (II)

**General Long-Term Debt Group of Accounts.** This self-balancing group of accounts is used to account for general long-term debt of a governmental unit.

**Gift.** Money received from a philanthropic foundation, private individual, or private organization for which no repayment or special service to the contributor is expected. (II)

**Grant, Private.** See *Gift.*

**Grant, Public.** See *Public Grant.*

**Grants-In-Aid.** Grants-in-aid are contributions made by a governmental unit to a LEA and are not related to specific revenue sources of the respective governmental unit; i.e., general, or if related to specific revenue sources of the governmental unit, are distributed on some flat grant or equalization basis. Grants-in-aid are made by intermediate governments, State governments, and the Federal Government.

**Gross Earnings.** See *Gross Income.*

**Gross Floor Area.** The sum of the areas at each floor level included within the principal outside faces of exterior walls, neglecting architectural setbacks or projections. This includes all stories or areas which have floor surfaces with clear standing head room (6'6" minimum) regardless of their use. (II)

**Gross Income.** Revenues before deducting any expenses: an expression employed in accounting for individuals, financial institutions, and the like. Also, *gross revenue,* or, incidental revenue of a manufacturing or trading enterprise. See *Income.*

**Guidance Personnel.** Persons who have been assigned specific duties and school time to carry on recognized functions of the guidance programs in whole or in part. Classify here: counselors, deans, placement counselors, guidance specialists, and similar personnel. This refers to both certificated and noncertificated personnel. (II)

H

**Health Personnel.** Persons in the field of physical and mental health, such as physicians, psychiatrists, school nurses, dentists, dental hygienists, psychiatric social workers, and therapists, whose services are directed primarily at individuals, although sometimes used for group activities.

**Home-School Counselors.** See *Visiting Teachers.*

**Housing Authority Obligations.** A public schoolhousing authority is a public corporation or quasi-public corporation having power to perform one or more of the following functions: issue authority bonds for public school purposes; acquire and hold property for public school purposes; construct public school build-

ings; lease public school buildings to local public school administrative units, or transfer title to such units. Recorded under this account are all expenditures to such authorities, or agencies with similar functions.

I

**Imprest System.** A system for handling disbursements whereby a fixed amount of money is set aside for a particular purpose. Disbursements are made from time to time as needed. At certain intervals, a report is rendered of the amount disbursed, and the cash is replenished for the amount of the disbursements, ordinarily by check drawn on the fund or funds from which the items are payable. The total of cash plus unreplenished disbursements must always equal the fixed sum of cash set aside. (II)

**Improvements Other Than Buildings.** A fixed asset account which reflects the acquisition value of permanent improvements, other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If improvements are obtained by gift, it reflects the appraised value at time of acquisition.

**Income Taxes.** Taxes levied on net income, that is, by gross income less certain deductions permitted by law. These taxes can be levied on individual, corporation or unincorporated businesses where the income is taxed distinctively from individual income. Separate accounts may be maintained for individual, corporation and unincorporated business income tax.

**Indirect Costs.** See *Overhead, Indirect Expenses.*

**Indirect Expenses.** Those elements of cost necessary in the provision of a service which are of such nature that they cannot be readily or accurately identified with the specific service. For example, the custodial staff may clean corridors in a school building which is used jointly by administrative, instructional, maintenance, and attendance personnel. In this case, a part of custodial salaries is an indirect expense of each service using the corridors. However, it is impossible to determine readily or accurately the amount of the salary to charge each of these services. See also *Direct Expenses.* (II)

**Indirect Services.** Services for programs which cannot be identified with a specific program. All support services programs are indirect services of instruction programs.

**Instruction.** Instruction includes the activities dealing directly with the teaching of pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving cocurricular activities; it may also be provided through some other approved medium such as television, radio, telephone, and correspondence.

**Instructional Organization.** A school or other organizational arrangement which provides instruction of a given type or types.

**Instructional Personnel.** Those who render direct and personal services which are in the nature of teaching. Included here are: teachers (including teachers of homebound), teaching assistants, teacher aides, secretaries for teachers, special graders, substitute teachers, and clerks serving teachers only. Attendance personnel, health personnel, and other clerical personnel should not be included as instructional personnel. (II)

**Insurance and Bond Premiums.** Expenditures for all types of insurance coverage such as property, liability, fidelity, bond premiums, as well as the costs of judgments. Insurance for group health, workmen's compensation, etc., are not charged here, but are recorded under Personal Services—Employee Benefits.

**Interest.** A fee charged a borrower for the use of money. See also *Debt Service.*

**Interest and Receivables.** Interest received on temporary or permanent investments in U.S. Treasury bills, notes, bonds, savings accounts, time certificates or deposit, notes, mortgages, or other interest-bearing obligations and dividends received on stocks.

**Interest Receivable on Investments.** The amount of interest receivable on investments, exclusive of interest purchased. Interest purchased may be shown in a separate account.

**Interfund Transfers.** Money which is taken from one fund under the control of the board of education and

added to another fund under the board's control. Interfund transfers are not receipts or expenditures of the LEA. (II)

**Intermediate Sources of Revenue.** An intermediate administrative unit or a political subdivision between LEAs and the State that collects revenue and distributes it to LEAs in amounts different from those which are collected within such systems. (II)

**Internal Auditing.** Activities involved with evaluating the adequacy of the internal control system; verifying and safeguarding assets; reviewing the reliability of the accounting and reporting systems; and ascertaining compliance with established policies and procedures.

**Internal Control.** A plan of organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. For example, under such a system, the employees' work is subdivided so that no one employee performs a complete cycle of operations. For instance, an employee handling cash would not post the accounts receivable records. Again, under such a system, the procedures to be followed are definitely laid down and such procedures call for proper authorizations by designated officials for all actions to be taken. (II)

**Internal Information.** Information prepared for and distributed to learners and/or staff of a LEA. It consists of such activities as news-gathering, writing, editing, photography, and newspaper reproduction, transmitted vocally in person or by way of electronic equipment.

**Inventory.** A detailed list or record showing quantities, descriptions, values, and frequently, units of measure and unit prices of property on hand at a given time. Also, the cost of supplies and equipment on hand not yet distributed to requisitioning units. (II M)

**Inventory of Stores for Resale.** The value of goods held by a LEA for resale rather than for use in its own operations.

**Investment in General Fixed Assets.** An account in the General Fixed Assets group of accounts which represents the LEA's equity in general fixed assets. The balance of this account is subdivided according to the source of funds which financed the asset acquisition, such as General Fund revenues, Special Revenue Fund revenues, etc.

**Investments.** Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. The account does not include fixed assets used in LEA operations. (II M)

**Invoice.** An itemized list of merchandise purchased from a particular vendor. The list includes quantity, description, price, terms, date, and the like. (II B)

J

**Journal.** The accounting record in which the details of financial transactions are first recorded. (II B)

**Journal Entry.** See *Entry.*

**Journal Voucher.** A paper or form on which the financial transactions of the LEA are authorized and from which any or all transactions may be entered in the books. By means of the journal voucher, the budget may be put into operation and expenditures made to meet authorized obligations. Journal vouchers are also used to set up revolving funds and petty cash funds, and for authorizing all entries in the bookkeeping system for which no other authorizations, such as deposit slips, invoices, etc., are available. A form of journal voucher is a memorandum in the school board minutes. (II)

**Judgment.** An amount to be paid or collected by the LEA as the result of a court decision. (II)

**Judgments Against the LEA.** Expenditures from current funds for all judgments (except as indicated) against the LEA that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the LEA resulting from failure to pay bills or debt service, are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due.

**Judgments Payable.** Amounts due to be paid by a LEA as the result of court decisions, including condemnation awards in payment for private property taken for public use.

**Junior College.** A postsecondary institution which offers the first 2 years of college instruction, frequently confers an associate degree, and does not confer a bachelor's degree. The term "junior college" is often used interchangeably with the term "communi college." See also *Community/Junior College.* (VII)

**Junior High School.** A separately organized and administered secondary school intermediate between the elementary and senior high schools. See *Middle School.* (V)

**Junior-Senior High School.** A secondary school organized on a junior-senior basis and administered under one head as one unit. (V)

K

**Kindergarten.** A group or class that is organized to provide educational experiences for children for the year immediately preceding the first grade. A kindergarten class may be organized as a grade of an elementary school or as part of a separate kindergarten school. In some LEAs these groups may be called preprimary, junior primary, or primary. (VII)

L

**Land.** A fixed asset account which reflects the acquisition value of land owned by a LEA. If land is purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition.

**Land Acquisition and Improvement.** Activities involved with the initial acquisition of sites and improvements thereon.

**Ledger.** Contains all the accounts of a particular fund or all those detail accounts which support a particular General Ledger account. See also *General Ledger, Appropriation Ledger, Allotment Ledger.* (II B)

**Legal Services.** Counseling services of a legal nature to the board of education.

**Levy** (Verb). To impose taxes or special assets. (Noun). The total of taxes or special assessments imposed by a governmental unit. (II)

**Liabilities.** Debt or other legal obligations arising out of transactions in the past which are payable but not necessarily due. Encumbrances are not liabilities; they become liabilities when the services or materials for which the encumbrance was established have been rendered or received. (II)

**Liability Insurance.** Expenditures for insurance coverage of the LEA, or its officers, against losses resulting from judgments awarded against the system. Also recorded here are any expenditures (not judgments) made in lieu of liability insurance.

**Library Books.** Books purchased for general use and not primarily for use in certain classes, grades, or other particular student groups. They include reference sets and dictionaries, but not textbooks and periodicals. (VII)

**Loans.** See *Bond, Current Loan, Long-Term Loan,* and *Short-Term Loan.*

**Local Education Agency.** An educational agency at the local level which exists primarily to operate schools or to contract for educational services. Normally, taxes may be levied by such publicly operated agencies for school purposes. These agencies may or may not be coterminous with county, city, or town boundaries. This term is used synonymously with the terms "school district," "school system," and "local basic administrative unit."

**Loans Receivable.** Amounts which have been loaned to persons or organizations, including notes taken as security for such loans, where permitted by statutory authority. The account is usually carried only in the Trust and Agency Funds balance sheet.

**Long-Term Loan.** A loan which extends for more than 5 years from the date the loan was obtained and is not secured by serial or term bonds. (II)

## M

**Machine Data Processing.** The use of machines and devices in the storing of individual items of information in a form by which they may be retrieved rapidly and accurately, processed, and reproduced as single-line items, as lists of items or desired combinations with other items. (VII)

**Maintenance Personnel.** Personnel on the school payroll who are primarily engaged in the repairing and upkeep of grounds, buildings, and equipment. (II)

**Maintenance of Plant (Plant Repairs and Repair and Replacement of Equipment).** Those activities which are concerned with keeping the grounds, buildings, and equipment at their original condition of completeness or efficiency, either through repairs or by replacements of property (anything less than replacement of a total building). (II)

**Maintenance Warehouse.** A building used primarily for housing personnel and equipment engaged in activities concerned with the repair and upkeep of grounds, buildings, and equipment, or with the manufacture of equipment. This includes building facilities for carpenters, cabinetmakers, machinists, mechanics, painters, plumbers, electricians, and groundskeepers.

**Management Information System.** A network of communication channels (voice, digital, etc.) that acquires, retrieves, and redistributes data used in managing the educational process and in supporting the individual and collective decisionmaking process.

**Matured Bonds Payable.** Bonds which have reached or passed their maturity date but which remain unpaid.

**Matured Interest Payable.** Interest on bonds which has reached the maturity date but which remains unpaid.

**Membership.** A pupil is a member of a class or school from the date he presents himself at school and is placed on the current roll until he permanently leaves the class or school for one of the causes recognized as sufficient by the State. The date of permanent withdrawal should be the date on which it is officially known that the pupil has left school, and not necessarily the first day after the date of last attendance. Membership is obtained by adding the total original entries and the total reentries and subtracting the total withdrawals; it may also be obtained by adding the total number present and the total number absent. This term is also known as the number belonging. (VM)

**Membership, Aggregate Days.** See *Aggregate Days Membership.*

**Membership, Average Daily.** See *Average Daily Membership.*

**Memorandum Accounting.** An informal record of a LEA transaction that cannot be recorded under the regular financial accounts but for which a record is desired.

**Middle/Junior High School.** A term describing a school organization between an elementary school and a high school. This term is used for budget purposes, usually, when middle and junior high schools need to be grouped for planning. Any other type organization by any other name, falling between the elementary and high schools, should be included.

**Middle School.** A separately organized and administered school usually beginning with grades five or six or their equivalent and including at least three grades or 3 years. Most middle schools presume, in ultimate plan if not in present reality, a 4-year high school for the grades or years which follow, as is a 4-4-4 or 5-3-4 plan. (VI)

## N

**Net Expenditure.** The actual outlay of money by the LEA for some service or object after the deduction of any discounts, rebates, reimbursements, or revenue produced by the service or activity. (II)

**Net Income.** The balance remaining to the LEA after deducting from the gross revenue for a given period all operating expense and income deductions during the same period. See *Revenue.*

**Noncategorical.** This is a term usually applied to revenue and means revenue from any or all sources which is not identifiable with specific expenditures;

i.e., it is general fund revenue which loses its identity as it is expended for objects relating to many Service Areas.

**Nonpublic Junior College.** An independent or church-related junior college not supported by public funds.

**Nonpublic School.** A school established by an individual, institution, or agency other than the State, subdivisions of the State, or the Federal Government, which usually is supported primarily by other than public funds, and the operation of whose program rests with other than publicly elected or appointed officials. (VII)

**Nonresident Student.** A student whose legal residence is outside the geographic area served by a specified school, LEA, or institution. (VR)

**Nursery School.** A separately organized and administered elementary school for groups of children during the year or years preceding kindergarten, which provides education experiences under the direction of professionally qualified teachers. (VM)

O

**Object.** The commodity or service obtained from a specific expenditure. (VII)

**Object Classification.** A category of goods or services purchased.

**Obligations.** Amounts which the LEA will be required to meet out of its resources, including both liabilities and encumbrances.

**Overhead Costs.** Those elements of cost necessary in the production of an article or the performance of a service which are of such a nature that the amount applicable to the product or service cannot be determined accurately or readily. Usually they relate to those objects of expenditures which do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, supervision, and other similar items. (II M)

**Overtime Salaries.** Gross salary paid to employees of the LEA in positions of either a temporary or permanent nature for work performed in addition to the normal work period for which the employee is compensated under Regular Salaries and Temporary Salaries. The terms of such payment for overtime is a matter of State and local regulation and interpretation.

P

**Part-Time Personnel.** Personnel who occupy positions which require less than full-time service. This includes those employed full time for part of the school year, part time for all of the school year, and part time for part of the school year. See also *Personnel, Full-Time.* (II)

**Part-Time Pupil.** A pupil who is carrying less than a full course load as determined by the State or the LEA. (V)

**Payments In Lieu of Taxes.** Payments made out of general revenues by a governmental unit to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the local LEA on the same basis as other privately owned property or other tax base. It would include payment made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the governmental unit owning or responsible for the property.

**Payroll.** A list of individual employees entitled to pay, with the amounts due to each for personal services rendered. Payments are also made for such payroll-associated costs as Federal income tax withholdings, retirement and social security. (II)

**Payroll Deductions and Withholding.** Amounts deducted from employees' salaries for taxes required to be withheld and for other withholding purposes. Separate liability accounts may be used for each type of deduction.

**Penalties and Interest on Taxes.** Amount collected as penalties for the payment of taxes after the due date or dates, and the interest charged on delinquent taxes from the due date to the date of actual payment. A separate account for penalties and interest on each type of tax may be maintained.

**Pension System.** A free retirement plan whereby persons leaving service in the educational system because of age, disability, or length of service receive payments from funds to which they have not con-

tributed. Payments may be either in a lump sum or in the form of annuity. See also *Retirement Fund System.* (II)

**Permanent School Fund.** Money, securities, or land which have been set aside as an investment for public school purposes of which the income, but not the principal, may be expended. These funds have been derived, in most cases, from the sale of State land set aside by the Federal and/or State Government, rents and royalties, and from surplus revenue returned to the State by the Federal Government. In some instances, there may be endowment funds for individual schools. There may be nonexistent funds, also, which are legally recognized as an obligation. See *Endowment Fund.* (II)

**Personnel, Administrative.** Personnel on the school payroll who are primarily engaged in activities which have as their purpose the general regulation, direction, and control of the affairs of the LEA that are systemwide and not confined to one school, subject, or a narrow phase of school activity; e.g., superintendent of schools, business manager, and accountant. (II)

**Personnel, Clerical.** See *Clerical Personnel.*

**Personnel, Full-Time.** See *Full-Time Personnel.*

**Personnel, Guidance.** See *Guidance Personnel.*

**Personnel, Health.** See *Health Personnel.*

**Personnel, Instructional.** See *Instructional Personnel.*

**Personnel, Maintenance.** See *Maintenance Personnel.*

**Personnel, Operational.** See *Operational Personnel.*

**Personnel, Part-Time.** See *Part-Time Personnel.*

**Petty Cash.** A sum of money set aside for the purpose of paying small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming. Also, a sum of money, either in the form of currency or a special bank deposit, set aside for the purpose of making change or immediate payments of comparatively small amount. See also *Imprest System.* (II M)

**Planning.** The selection or identification of the overall, long-range goals, priorities, and objectives of the organization, and the formulation of various courses of action to be followed in working toward achieving those goals, priorities, and objectives. (VII)

**Planning-Programing-Budgeting-Evaluation System (PPBES).** A structured procedure for determining policy in the allocation of resources for accomplishment of priority programs; it emphasizes long-range planning, analytic evaluative tools, and economic rationality in setting goals and objectives and in the determination of programs. (VII)

**Posting.** The act of transferring to an account in a ledger the detailed or summarized data contained in the cash receipts book, check register, journal voucher, or similar books or documents of original entry. (II B M)

**Premium, Bond.** See *Bond Premium.*

**Premium on Bonds Sold.** That portion of the sales price of bonds in excess of their par value. The premium represents an adjustment of the interest rate.

**Prepaid Expenses.** Expenses entered in the accounts for benefits not yet received. Prepaid expenses differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operation. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold. (II M)

**Principal of Bonds.** The face value of bonds. See also *Face Value.* (II)

**Printing and Binding.** Amounts paid for job printing and binding, usually following the specifications of the LEA. This includes the design and printing of forms and posters as well as printing and binding LEA publications. Preprinted standard forms purchased are not charged here, but are recorded under Supplies and Materials.

**Printing, Publication, and Duplicating Services.** Pertains to printing and publishing administrative publications such as annual reports, school directories, and manuals. It also includes providing centralized services for

duplicating school materials and instruments such as school bulletins, newsletters, and notices.

**Private School or Nonpublic.** A school established by an agency other than the State or its subdivisions which is primarily supported by other than public funds, and the operation of whose program rests with other than publicly elected or appointed officials. (V)

**Professional.** A term denoting the level of personnel who have had extensive training in a particular line of work (usually a minimum of a bachelor's degree) and who perform activities regarded as professional by the laws and regulations established by the State or other professional requirements recognized by the State. Examples are teachers, architects, lawyers, and nurses. (VII M)

**Professional and Technical Services.** Services of individuals having extensive training in a particular line of work. This includes such services as those provided by architects, auditors, dentists and doctors, consultants, lawyers, tax collectors, data-processing service bureaus, and others.

**Program.** A plan of activities and procedures designed to accomplish a predetermined objective or set of allied objectives.

**Programing.** Preparation of a logical sequence of operations to be performed by a computer in solving a problem or processing data; the preparation of coded instructions and data for such a sequence. (VII)

**Property Insurance.** Expenditures for all forms of insurance covering the loss of, or damage to, property of the LEA from fire, theft, storm, or any other cause. Also recorded here are costs for appraisals of property for insurance purposes.

**Proprietary Accounts.** Those accounts which show actual financial conditions and operations such as actual assets, liabilities, reserves, surplus, revenues, and expenditures, as distinguished from budgetary accounts. See also *Budgetary Accounts.* (II)

**Prorating.** The allocation of parts of a single expenditure to two or more different accounts. The allocation is made in proportion to the benefits which the expenditure provides for the respective purposes or programs for which the accounts were established. (II)

**Public Grant.** A contribution, either money or material goods, made by one governmental unit to another unit and for which the contributing unit expects no repayment. Grants may be for specific or general purposes.

**Public Information.** Information for public consumption through news media about the condition and progress of education in the LEA. It consists of such activities as writing news releases, speaking to civic groups or other assemblies, and appearing on local radio and television programs to discuss LEA programs.

**Public Library.** A library operated by publicly elected or appointed officials and open to the public. When the library is supported wholly or partially by a public school the expense is charged to Community Services.

**Public Relations.** See *Community Relations.*

**Public School.** A school operated by publicly elected or appointed school officials in which the program and activities are under the control of these officials and which is supported primarily by public funds. (II)

**Public Schoolhousing Authority.** See *Housing Authority Obligations.*

**Public Utility Services.** Expenditures for services usually provided by public utilities such as water, sewerage, electricity, gas, and garbage. This includes those same services whether the utility company be public or private. Costs for telephone and telegraph are not charged here, but are recorded under Communication.

**Publicly Owned Quarters.** Any public school facility owned by a school administrative unit or under its control through a contract to purchase. Public school facilities designed for school purposes and owned by a county or municipal unit of government, public schoolhousing authority, or similar agency are included.

**Pupil Accounting.** A system for collecting, computing, and reporting information about pupils. (V)

**Pupil Activity Fund.** Financial transactions related to school-sponsored pupil activities and interscholastic activities. These activities are supported in whole or in part by income from pupils, gate receipts, and other fund-raising activities. Support may be provided by local taxation.

**Pupil Organization Membership.** A school organization for pupils. Membership usually grants the pupil certain privileges such as the right to be admitted to dances or athletic contests without charge or at a reduced rate.

**Pupil, Part-Time.** See *Part-Time Pupil.*

**Pupil, Resident.** See *Resident Student.*

**Pupil, Transfer.** See *Transfer Pupil.*

**Pupil Transportation Services.** Consists of those activities involved with the conveyance of pupils to and from school activities, as provided by State law. This includes trips between home and school, or trips to school activities. This Service Area is applicable to both schools and LEAs.

**Pupil, Transported.** See *Transported Student.*

**Pupil, Tuition.** See *Tuition Student.*

**Purchase Order.** A written request to a vendor to provide material or services at a price set forth in the order and is used as an encumberance document. (II B)

**Purchased Services.** Personal services rendered by personnel who are not on the payroll of the LEA, and other services which may be purchased by the LEA. See also *Contracted Services.* (VII)

**Purchasing.** Acquiring supplies, equipment, and materials used in school or LEA operation.

R

**Real Property.** See *Real Estate.*

**Real Estate.** Land, improvements to site, and buildings; real property. (VII)

**Rebates.** Abatements or refunds. (II)

**Receipts.** This term means cash received. See *Revenue.*

**Receiving and Disbursing.** Accepting and paying out funds. It includes the current audit of receipts, the preaudit of requisitions or purchase orders before the order is placed to determine whether the amounts are within the budgetary allowances, and to determine that such disbursements are lawful expenditures of the school or LEA.

**Record Management.** Establishing and maintaining an adequate and efficient system for controlling the records of a LEA.

**Records.** A collection of information which is prepared by a person, unit, or organization for the use of that person, unit, or organization. (VII)

**Recruitment and Placement.** Employing and assigning personnel for the LEA.

**Redemption of Principal.** Expenditures from current funds to retire serial bonds, long-term loans of more than 5 years, and short-term loans of less than 5 years.

**Refund.** A return of an overpayment or overcollection. The return may be either in the form of cash or a credit to an account. (II B)

**Refunding Bonds.** Bonds issued to pay off bonds already outstanding. (II)

**Refund of Prior Year's Expenditures.** Revenue coming from a refund of an expenditure made to a prior fiscal year's budget. A refund of an expenditure made in the same fiscal year's budget may be recorded in the appropriate expenditure account as a reduction of the expenditure.

**Register.** A record for the consecutive entry of a certain class of events, documents, or transactions, with a proper notation of all of the required particulars. The form of register for accounting purposes varies from a one column to a multicolumnar sheet of special design whereon the entries are distributed, summarized, and aggregated usually for convenient posting to the accounts. (II)

**Registered Warrant.** A warrant which is registered by the paying officer for future payment on account of present lack of funds, and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See also *Warrant.* (II)

**Regular Day School Transportation.** Transportation of pupils attending regular day school. Separate accounts may be maintained for transportation fees received

from patrons, and for transportation fees received from other LEAs.

**Regular Day School Tuition.** Tuition for resident and nonresident pupils attending the regular day schools in the LEA. Separate accounts may be maintained for tuition received from patrons, and for tuition received from other LEAs.

**Regular Salaries.** Full-time, part-time, and prorated portions of the gross salary costs for work performed by employees of the LEA who are considered to be in positions of a permanent nature.

**Reimbursement.** The return of an overpayment or overcollection in cash. (II B)

**Remodeling.** Any major permanent structural improvement to a building. It includes changes of partitions, roof structure, or walls. Repairs are not included here but are included under maintenance. (III)

**Rentals Received.** Money received from the rental of school property, real or personal. It does not include rental from real property held for income purposes; this revenus is recorded under the account Earnings on Investments. Separate accounts may be maintained for real property, textbooks, equipment, lockers, towels, and other.

**Rentals Expended.** Expenditures for the lease or rental of land, buildings, and equipment for the temporary or long-range use of the LEA. This includes bus and other vehicle rental when operated by LEA personnel, lease of data processing equipment, lease-purchase arrangements, and similar rental agreements. Costs for single agreements covering equipment as well as operators are not charged here, but are recorded elsewhere under Purchased Services. See *Transportation, Printing and Binding, Public Utility Services, Repairs & Maintenance Services.*

**Repairs.** The restoration of a given piece of equipment, of a given building, or of grounds to original condition of completeness or efficiency from a worn, damaged, or deteriorated condition. See also *Maintenance of Plant.* (III)

**Repairs & Maintenance Service.** Repairs and maintenance services not provided directly by LEA personnel. This includes contracts and agreements covering the upkeep of grounds, buildings, and equipment. Costs for new construction, renovating and remodeling are not charged here, but are recorded under Capital Outlay.

**Replacement of Equipment.** A complete unit of equipment purchased to take the place of another complete unit of equipment which is to be sold, scrapped, or written off the record, and serving the same purpose as the replaced unit in the same way. (III)

**Reports.** A collection of information which is prepared by a person, unit, or organization for the use of some other person, unit, or organization.

**Requisition.** A written request to a purchasing officer for specified articles or services. It is a request from one school official to another school official, whereas a purchase order is from a school official (usually the purchasing officer) to a vendor. (II B)

**Research.** Systematic study and investigation in some field of knowledge, undertaken to establish facts or principles. (VII)

**Research, Planning, Development, and Evaluation.** The activities involved with research, planning, development, and evaluation functions for the LEA.

**Reserve.** An amount set aside for some specified purpose. (II B)

**Reserve for Encumbrances.** A reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior year encumbrances.

**Reserve for Inventory.** A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of the reserve are tied up in inventories of supplies and inventories on hand and not issued to requesting units.

**Reserve for "A" (Special Purposes).** A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of

the reserve are tied up for the named special purpose.

**Resident Student.** A student whose legal residence is within the geographic area served by a specified school, LEA, or institution. (V R)

**Restricted Grants-In-Aid.** Revenues received as grants by the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it usually must be returned to the government unit. Separate accounts may be maintained for general source grants-in-aid which are not related to specific revenue sources of the governmental unit, and for those assigned to specific source of revenue as appropriate.

**Retirement Fund System.** A plan whereby a fund of money, built up through contributions from participants and other sources, is used to make regular payments to those who retire from service in the educational system by reason of age, disability, or length of service. See also *Pension Systems.*

**Revenues.** Additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of fund capital in Food Service and Pupil Activity funds.

**Revenues Collected in Advance.** A liability account which represents revenues collected before they become due.

**Revolving Fund.** A fund provided to carry out a cycle of operations. The amounts expended from the fund are restored from earnings from operations or by transfers from other funds so that it remains intact, either in the form of cash, receivables, inventory, or other assets. These funds are also known as reimbursable funds.

S

**Salary.** The total amount regularly paid or stipulated to be paid to an individual, before deductions, for personal services rendered while on the payroll of the LEA. Payments for sabbatical leave are also considered as salary.

**Sale of Fixed Assets.** Proceeds from the sale of school property. Separate accounts may be maintained for sale of real property and for sale of equipment.

**Sales and Use Tax.** Taxes imposed upon the sale and consumption of goods and services. It can be imposed either as a general tax on the retail price of all goods and/or services sold within the LEA jurisdiction with few or limited exemptions, or as a tax upon the sale or consumption of selected goods and services. Separate accounts may be maintained for general sales tax and for selective sales taxes.

**Sales of Bonds.** Proceeds from the sales of bonds, except that if bonds are sold at a premium, only those proceeds representing the par value of the bonds would be included. The proceeds from the sale of bonds constitute a revenue of the Capital Projects Fund but not of the LEA as a whole.

**Sales to Adults.** Money received from adults for sale of food products and services. Regular meals or food products sold to staff can be segregated from special dinners and affairs for special purposes by maintaining separate accounts.

**Sales to Pupils.** Money received from pupils for sale of food products and services. Better financial control and analysis and reporting for Federal and State reimbursements can be obtained by maintaining separate accounts by Type of Sales, such as type of lunch sales, milk program sales, and other sales.

**School.** A division of the LEA consisting of a group of pupils composed of one or more grade groups, organized as one unit with one or more teachers to give instruction of a defined type, and housed in a school plant of one or more buildings. More than one school may be housed in one school plant, as is the case when the elementary and secondary programs are housed in the same school plant. (VII)

**School Administration.** Consists of those activities which have overall administrative responsibility for a single school or a group of schools.

**School Bus.** A vehicle used for transporting students with a manufacturer's rated seating capacity of 12 or more. (Seating capacity figures on the basis of at least 13 inches of seat space per pupil.) (III M)

**School District.** See *School System.*

**School, Elementary.** See *Elementary School.*

**School, Middle/Junior High.** See *Middle/Junior High School.*

**School Plant.** The site, buildings, and equipment constituting the physical facilities used by a single school or by two or more schools sharing the use of common facilities. (III)

**School Plant, Combined Elementary and Secondary.** A school plant which houses both an elementary school and a secondary school. (III)

**School, Private or Nonpublic.** See *Private School.*

**School, Public.** See *Public School.*

**School, Secondary.** See *Secondary School.*

**School, Senior High.** See *Senior High School.*

**School Site.** The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings, play courts, and playfields. (III)

**School, Summer.** See *Summer School.*

**School System.** All the schools and supporting services operated by the board of education, a specified administrative unit or by another organization which operates one or more schools. See also *Local Education Agency.* (V)

**School Term.** A prescribed span of time when school is open and the pupils are under the guidance and direction of teachers. See also *Term.* (VII)

**School, Vocational or Trade High.** See *Vocational or Trade High School.*

**Secondary School.** A school comprising any span of grades beginning with the next grade following an elementary or middle school and ending with or below grade 12. (VI)

**Securities.** Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments. (II)

**Senior High School.** A secondary school offering the final years of high school work necessary for graduation and invariably preceded by a junior high school. (VI)

**Serial Bonds.** Issues redeemable by installments, each of which is to be paid in full, ordinarily out of revenues of the fiscal year in which it matures, or revenues of the preceding year. (II)

**Service Area Direction.** Pertains to directing and managing the Service Area of any function. It includes activities of all those engaged in managing and directing a given area. (IV)

**Shared Revenue.** Revenue which is levied by one governmental unit but shared, usually in proportion to the amount collected, with another unit of government or class of governments.

**Shared Tax.** See *Shared Revenue.*

**Short-Term Loans.** A loan payable in 5 years or less, but not before the end of the current fiscal year. See also *Current Loans.* (II)

**Single School.** Activities which extend or apply to only a single Attendance Area.

**Sinking Fund.** Money which has been set aside or invested for the definite purpose of meeting payments on debt at some future time. It is usually a fund set up for the purpose of accumulating money over a period of years in order to have money available for the redemption of long-term obligations at the date of maturity. (VII)

**Social Work.** Activities concerned with the prevention of, or solution to, those personal, social, and emotional problems of individuals which involve such relationships as those of the family, school, and community. (IV M)

**Source of Funds.** Identifies the agency, governmental or otherwise, which appropriates the money used by a local school or LEA.

**Special Assessments.** See *Assessments, Special.*

**Special Cost Centers.** A dimension for accumulating

additional details on costs of a segment of an existing cost center or for accumulating costs of a temporary program or project for evaluative purposes. See also *Cost Center.*

**Special Education.** Consists of direct instructional activities designed primarily to deal with the following pupil exceptionalities: (1) physically handicapped; (2) emotionally disturbed; (3) culturally different including compensatory education; (4) mentally retarded; and (5) mentally gifted and talented. The Special Education Services Area includes Preprimary, Elementary, Secondary, Postsecondary, or Adult/Continuing Education.

**Special Fund.** Any fund other than the general fund.

**Special Revenue Fund.** Used to account for money appropriated or granted for special purposes. Uses and limitations are specified by the legal authority establishing the fund and, generally, the resources of this fund cannot be diverted to other uses.

**Staff Accounting.** Services rendered in connection with the systematic recording, filing, and storing of information related to staff members employed by the LEA.

**Staff Services.** The activities concerned with recruiting, accounting, placing, transfering, and training staff employed by a LEA.

**State Aid for Education.** Any grant made by a State government for the support of education. See also *Grant, Public.*

**Statistical Services.** Services concerned with collecting, organizing, summarizing, analyzing, and disseminating educational data pertinent to various educational interests, including pupils, staff, instruction, facilities, and finance. (VII)

**Stores.** Supplies, materials, and equipment in store rooms subject to requisition. (II)

**Student-Body Activities.** Direct and personal services for public school pupils, such as interscholastic athletics, entertainment, publications, clubs, band, and orchestra, that are managed or operated generally by the student body under the guidance and direction of adults or a staff member, and which are not part of the regular instructional program. See *Cocurricular Activities.* (VIM)

**Subsidiary Accounts.** Related accounts which support in detail the summaries recorded in a controlling account. See also *Clearing Accounts.* (II)

**Summer School.** The name usually applied to the school session carried on during the period between the end of the regular school term and the beginning of the next regular school term. (V M)

**Summer Term—Day.** A division of the school year which usually begins in June and ends in August and pupils attend the day sessions.

**Summer Term—Evening.** A division of the school year which usually begins in June and ends in August and pupils attend the evening sessions.

**Summer School Transportation Fees.** Money received for transportation of pupils attending summer school. Separate accounts may be maintained for transportation fees received from patrons, and for transportation fees received from other LEAs.

**Summer School Tuition.** Money received as tuition for pupils attending summer school classes. Separate accounts may be maintained for tuition received for residents, and for tuition received for nonresidents.

**Supply.** A material item of an expendable nature that is consumed, worn out or deteriorated in use; loses its identity through fabrication or incorporation into a different or more complex unit or substance. (VII)

**Supporting Services.** Activities which provide administrative, technical, and logistical support to a program. Supporting Services exist to sustain and enhance the fulfillment of the objectives of other major functions.

**Surety Bond.** A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation; for example, a surety bond given by a contractor or by an official handling cash or securities. (II)

**Surplus.** The excess of the assets of a fund over its liabilities; or if the fund also has other resources and obligations, the excess of resources over obligations. The term should not be used without a properly descriptive adjective unless its meaning is apparent

from the context. See also *Unappropriated Surplus.* (II)

**Systems Analysis.** Activities involving the search for an evaluation of alternatives which are relevant to defined objectives, based on judgment, and, wherever possible, on quantitative methods; the development of data processing procedures or application to electronic data processing equipment. (VII)

**Systemwide.** Activities which extend or apply to all of the schools in the LEA or to all of the schools in the LEA where the activities apply.

T

**Tax Anticipation Notes.** Notes (sometimes called "warrants") issued in anticipation of collection of taxes, usually retirable only from tax collections, and frequently only from the tax collections anticipated with their issuance. The proceeds of tax anticipation notes or warrants are treated as current loans if paid back from the tax collections anticipated with the issuance of the notes. (II)

**Tax Assessment and Collection.** Activities concerned with assigning and recording equitable values to real and personal property, assigning a millage rate (dollars yield per thousand dollars), and receiving yield in a central office.

**Tax Liens Receivable.** Legal claims against property which have been exercised because of nonpayment of delinquent taxes, interest, and penalties. The account includes delinquent taxes, interest and penalties receivable up to the date the lien becomes effective plus the cost of holding the sale.

**Taxes.** Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. The term includes licenses and permits. It does not include special assessments. See also *Assessment, Special.* (II)

**Taxes Levied for Other Governmental Units.** Taxes levied by a governmental unit as agent for another governmental unit, and which are to be collected, held in trust, and disbursed to the proper unit. They consist of both current and delinquent taxes and may also include tax liens. No allowance for estimated uncollectible taxes is set up against these taxes because the LEA is usually liable only for the amount actually collected. It is recommended that separate accounts be maintained for each interfund receivable.

**Taxes Receivable.** The uncollected portion of taxes which a LEA or governmental unit has levied and which has become due, including any interest or penalties which may be accrued. Separate accounts may be maintained on the basis of tax roll year and/or current and delinquent taxes.

**Teacher.** A person who instructs students. (IV R)

**Teacher Aide.** A person who assists a teacher with routine activities associated with teaching, those activities requiring minor decisions regarding students, such as monitoring, conducting rote exercises, operating equipment, and clerking.

**Teaching Assistant.** A person who performs the day-to-day activities of teaching students under the supervision of a teacher. The teaching assistant does not make any diagnostic or long-range evaluative decisions regarding students taught. The person may or may not be certificated but has completed at least 2 years of formal education preparatory for teaching or the equivalent in experience or training. (IV R)

**Technical Education.** Technical Education is concerned with that body of knowledge organized in a planned sequence of classroom and laboratory experiences, usually at the postsecondary level, to prepare pupils for a cluster of job opportunities in a specialized field of technology. The program of instruction normally includes the study of the underlying sciences and supporting mathematics inherent in a technology, as well as methods, skills, materials, and processes commonly used and services performed in the technology. Technical education prepares for the occupational area between the skilled craftsman and the professional person such as the doctor, the engineer, and the scientist. (VI M)

**Temporary Salaries.** Full-time, part-time, and prorated portions of the gross salary costs for work by employees of the LEA who are hired on a temporary or substitute basis to perform work in positions of either temporary or permanent nature.

**Term.** A prescribed span of time when school is open and the pupils are under the guidance and direction of teachers. (V)

**Term Bonds.** Bonds of the same issue, usually maturing all at one time and ordinarily to be retired from sinking funds. (II)

**Textbooks.** Books obtained primarily for use in certain classes, grades, or other particular student groups rather than for general school use. (VII)

**Trade Discount.** An allowance usually varying in percentage with volume of transactions, made to those engaged in certain businesses and allowable irrespective of the time when the account is paid. The term should not be confused with "cash discount." (II)

**Transfer From Other Funds.** Money received unconditionally from another fund without expectation of repayment. Such monies are revenues of the receiving fund, but not of the LEA as a whole. Separate accounts may be maintained for specific funds. (II)

**Transfer Pupil.** A pupil who severs his connection with a class, grade, or school in order to transfer to another class, grade, or school. This includes pupils who transfer or are promoted from an elementary school to a secondary school or from a junior high school to a senior high school. (V)

**Transfer Voucher.** A voucher authorizing posting adjustments and transfers of cash or other resources between funds or accounts. (II)

**Transfers Between Funds.** See *Interfund Transfers.*

**Transportation Fees.** Money received for transportation of pupils.

**Transported Student.** A pupil who is transported to and from school at public expense. (V)

**Travel.** Costs for transportation, meals, hotel, and other expenses associated with traveling on business for the LEA. Payments for *per diem* in lieu of reimbursements for subsistence (room and board) also are charged here.

**Trial Balance.** A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a controlling account, the ledger which the figures are taken is said to be "in balance." (II)

**Trust and Agency Funds.** Used to account for money and property held in trust by a LEA for individuals, government entities or nonpublic organizations. A Trust Fund is usually in existence over a longer period of time than an Agency Fund. Primarily, Agency Funds function as a clearing mechanism for cash resources collected by the LEA, held for a short period, and then disbursed to authorized recipients.

**Tuition.** Money charged by a LEA or educational institution for a period of time, not including special charges as for books and laboratory fees. (VII)

**Tuition Student.** A pupil for whom tuition is paid. (VII)

**Tuition Expended.** Expenditures to reimburse other educational agencies for services rendered to students residing in the legal boundaries described for the paying LEAs, both within and outside the State of the paying LEA.

**Tuition Received.** Money received from pupils, their parents, welfare agencies or other LEAs for education provided in the schools of the LEA.

**Two-Year Branch College.** A division of an institution of higher education, which offers the first 2 years of college instruction and which is located in a community different from that of its parent institution and beyond a reasonable commuting distance from the main campus of the parent institution. (VI)

**Two-Year Technical Institute.** An institution offering instruction primarily in one or more of the technologies at the postsecondary instructional level. (VI)

## U

**Unamortized Discounts on Bonds Sold.** That portion of the excess of the face value of bonds over the amount received from their sale which remains to be

written off periodically over the life of the bonds.

**Unamortized Discounts on Investments.** The excess of the face value of securities over the amount paid for them which has not yet been written off.

**Unamortized Premiums on Bonds Sold.** An account which represents that portion of the excess of bond proceeds over par value and which remains to be amortized over the remaining life of such bonds.

**Unamortized Premiums on Investments.** The excess of the amount paid for securities over the face value which has not yet been amortized. Use of this account is normally restricted to long-term investments.

**Unappropriated Surplus.** That portion of the surplus of a given fund which is not segregated for specific purposes. (II B)

**Unencumbered Balance of Appropriation of Allotment.** That portion of an appropriation or allotment not yet expended or encumbered; the balance remaining after deducting from the appropriation or allotment the accumulated expenditures and outstanding encumbrances.

**Unexpended Balance of Appropriation or Allotment.** That portion of an appropriation or allotment which has not been expended; the balance remaining after deducting from the appropriation or allotment the accumulated expenditures.

**Unit Cost.** Expenditures for a function, activity, or service divided by the total number of units for which the function, activity, or service was provided. (III M)

**Unliquidated Encumbrances.** Encumbrances outstanding. See also *Encumbrances.* (II B)

**Unrestricted Grants-In-Aid.** Revenues received as grants by the LEA which can be used for any legal purpose desired by the LEA without restriction.

V

**Vehicle.** A conveyance used to transport persons or objects. (III M)

**Vehicle, Privately Owned.** A vehicle owned by the contractor; a vehicle partially owned by the contractor (for instance, the contractor may own the chassis and the school own the body); or a car used by a parent who is paid from public funds to transport his own children and sometimes other children to schools. (III)

**Vehicle Servicing and Maintenance.** Pertains to maintaining vehicles in as nearly new condition and original efficiency as possible. It includes repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, preventive maintenance, and inspection of vehicles for safety.

**Visiting Teacher (Home-School Counselor).** A person who visits pupils and parents in the home, assisting the school and the home in solving the personal adjustment problems of pupils. See *Social Work.* (IV M)

**Vocational or Trade High School.** A secondary school which is separately organized under a principal for the purpose of offering training in one or more skilled or semiskilled trades or occupations. It includes such schools whether federally aided or not. Departments of other types of high schools which offer commercial, agricultural, home economics, industrial arts, and other applied art courses would not be considered as separately organized vocational high schools. (II)

**Vocational and/or Technical School.** A school which is separately organized under the direction and management of an administrator (such as a principal) for the primary purpose of offering education and training in one or more semiskilled, skilled, or technical occupations. (VI M)

**Voucher.** A document which authorizes the payment of money and usually indicates the accounts to be charged. (II)

**Voucher System.** A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry known as a voucher register in the order in which payment is approved. (II)

**Vouchers Payable.** Liabilities for goods and services received as evidenced by vouchers which have been

preaudited and approved for payment but which have not been paid.

W

**Warehouse Inventory Adjustment.** Amounts reflected as a deficit as a result of an audit or count of items held in a stores or warehouse inventory.

**Warehousing and Distribution.** Pertains to the operation of the activities of receiving, storing, and distributing supplies, equipment, materials, and mail. It includes the pickup and transporting of cash from school facilities to the central administrative office, or bank, for control and/or deposit.

**Warrant.** An order drawn by the school board to the LEA treasurer ordering him to pay a specified amount to a payee named on the warrant. Once signed by the treasurer the warrant becomes a check payable by a bank named on the warrant by the treasurer. (II B M)

**Warrant Interest.** Interest paid on registered warrants. (II)

**Warrants Payable.** Warrants issued by the school board but not yet signed by the treasurer. (II B)

**Welfare Activities.** Providing for personal needs of indigent persons, when such aid is restricted to indigent persons, and for providing services in connection with disaster relief. (IV M)

**Withholding.** The process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the estimated Federal or State income tax of the individual that the employer must pay to the taxing authority.

**Withholding Taxes.** See *Withholding.*

**Work Order.** A written order authorizing and directing the performance of a certain task, issued to the person who is to direct the work. Among the information shown on the order are the nature and location of the job, specifications of the work to be performed, and a job number which is referred to in reporting the amount of labor, materials, and equipment used. (II)

# Appendix C

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## Appendix D

## TRANSMITTAL MEMORANDUM

# MEMORANDUM

**DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**
OFFICE OF EDUCATION

TO : Members of the Cooperating Organizations DATE: June 1972

FROM : Specialist, Educational Records and Reports

SUBJECT: Second Draft of Handbook II, *Financial Accounting Classifications and Standard Terminology for Local and State School Systems*

This working draft copy of Handbook II, *Financial Accounting Classifications and Standard Terminology for Local and State School Systems* is sent to you and others in the cooperating organizations for your review, for testing in your school system, and to provide opportunity for suggestions to be made for its improvement. It is anticipated that the Chart of Accounts will not be changed. The draft incorporates changes proposed and approved at 10 regional conferences conducted throughout the country in 1971. Duplicate, for your own use, as many copies as you need.

Your suggestions for improvement, after extensive critical review, should reach us within four weeks to be included in the revision. At that time, all comments will be carefully reviewed and considered for possible incorporation in the refinement of the handbook. The published document will be distributed in final form but after having used it, suggestions for a second revision should be forwarded.

The many significant contributions that you and others have made to this important project are appreciated very much. The development of the handbook through the second draft has included the combined efforts of hundreds of people.

Appendixes C and D—acknowledgments and an index—are not included in this mailing but will be incorporated into the final draft. The final publication, it is hoped, will be distributed in the fall.

Let me have your suggestions to be considered for inclusion in the final publication, soon.

Charles T. Roberts

Enclosure

# Appendix E

## EXAMPLES OF FINANCIAL STATEMENTS AND REPORTS

Following are examples of financial statements and reports referred to above which present the overall picture of the financial position of a LEA and of the results of its operation.

**Combined Balance Sheet.** The combined balance sheet reports the assets, liabilities, appropriations, reserves, fund capital, principal, and equity in condensed form for the entire LEA. Financial statements of individual funds accompany the combined balance sheet and supply a greater amount of detailed information. Figure E-1 illustrates how the balance sheet for each fund used by the LEA can be made an integral part of the combined balance sheet for the LEA.

**Combined Statement of Revenues and Expenditures.** Figure E-2 illustrates how financial statements for funds having revenues and expenditures can be combined in condensed form. It is important, however, that the combined statement be supported by the individual statement of each fund's revenue and expenditures. In this way, a greater amount of detail can be presented while the condensed statement provides a total view of the operation of the LEA.

**Changes in Fund Balance.** The changes in fund balance at the end of the year from what they were at the beginning of the period are illustrated in figure E-3. These changes reflect, at a glance, the degree of change or fluctuation in revenue-expenditure differences by funds in comparison with the previous year.

**Changes in Financial Position.** Figure E-4 illustrates a combined statement of resources provided and to what they were applied. Resources are provided from revenues for each fund; from reductions in assets during the year; from increasing liabilities, appropriations, and reserves during the year; from correcting revenues from prior year; and from expenditures being refunded. These resources are applied to operations by funds; to increasing assets during the year; to decreasing liabilities during the year; to correcting expenses of prior year; and to refunding revenue collected in excess in prior year. This statement provides full disclosure of resources and to what they are applied. In conjunction with the revenue and expenditure statement full disclosure of the results of the LEA's financial transactions is possible.

The above statement of resources provided and to what applied is prepared through the use of combined balance sheets at the beginning and end of the fiscal year and through the use of the combined statement of revenues and expenditures. Comparative balance sheets from which this combined statement of resources and application was prepared is presented in figure E-5.

**Figure E-1.—Combined Balance Sheet for All Funds**

| BALANCE SHEET ACCOUNTS | Total | General fund | Special revenue fund | Debt service fund | Capital projects fund | Food service fund | Pupil activity fund | Trust and agency funds | General fixed assets | Long term debt |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funds (End of year) | | | | | | | | | |
| **Assets and Resources** | | | | | | | | | | |
| Cash | $ 335,500 | $ 40,000 | $ 25,000 | $ 23,900 | $ 235,600 | $ 2,200 | $ 800 | $ 8,000 | | |
| Accounts receivable (net) | 18,000 | 15,000 | 3,000 | | | | | | | |
| Loans receivable (net) | 30,000 | | | | | | | 30,000 | | |
| Notes receivable (net) | 20,000 | | | 10,000 | | | | 10,000 | | |
| Interest receivable on notes | 3,200 | | | 2,400 | | | | 800 | | |
| Taxes receivable, current (net) | 140,000 | 80,000 | 30,000 | 30,000 | | | | | | |
| Interest receivable on taxes, current | 1,400 | 800 | 300 | 300 | | | | | | |
| Taxes receivable, delinquent (net) | 8,400 | 7,000 | 400 | 1,000 | | | | | | |
| Interest receivable on taxes, delinquent | 1,800 | 1,400 | 100 | 300 | | | | | | |
| Due from other units of government | 632,300 | 60,000 | 20,000 | 7,900 | 454,400 | 30,000 | 20,000 | 40,000 | | |
| Inventories | 17,700 | 1,300 | 6,400 | | | 7,000 | 3,000 | | | |
| Investments (including premiums and discounts) | 1,940,000 | | | 1,860,000 | | | | 80,000 | | |
| Bonds authorized and unissued | 310,000 | | | | 310,000 | | | | | |
| Amount available and to provide for retirement of bonds and interest | 2,400,000 | | | | | | | | | $2,400,000 |
| Land | 90,000 | | 8,000 | | | | 2,000 | | $ 80,000 | |
| Buildings | 3,553,000 | | 100,000 | | | 15,000 | | | 3,438,000 | |
| Improvements other than buildings | 98,000 | | 15,000 | | | 1,000 | | | 82,000 | |
| Machinery and equipment | 1,630,000 | | 20,000 | | | 140,000 | 70,000 | | 1,400,000 | |
| Total Assets and Resources | $11,229,300 | $205,500 | $228,200 | $1,935,800 | $1,000,000 | $195,200 | $95,800 | $168,800 | $5,000,000 | $2,400,000 |
| **Liabilities** | | | | | | | | | | |
| Vouchers payable | $ 80,200 | $ 30,000 | $ 200 | | $ 2,000 | $ 20,000 | $10,000 | $ 18,000 | | |
| Matured bonds and interest payable | 137,200 | 87,200 | | $ 50,000 | | | | | | |
| Contracts payable | 370,000 | 75,000 | 22,000 | | 273,000 | | | | | |
| Due to other units of government | 35,100 | 5,300 | 16,000 | | 5,000 | 8,000 | | 800 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Interest payable in future years | 800,000 | | | | | | | | $ 800,000 |
| Bonds payable | 1,600,000 | | | | | | | | 1,600,000 |
| Total Liabilities | $3,022,500 | $197,500 | $ 38,200 | $ 50,000 | $ 280,000 | $ 28,000 | $10,000 | $ 18,800 | $2,400,000 |
| **Appropriations, Reserves, and Fund Equities** | | | | | | | | | |
| Appropriations | $ 300,000 | | | | $ 300,000 | | | | |
| Reserve for encumbrances | 421,000 | $ 6,000 | $ 15,000 | | 400,000 | | | | |
| Investment in general fixed assets | 5,000,000 | | | | | | | $5,000,000 | |
| Principal or capital | 360,000 | | | | | $160,000 | $50,000 | $150,000 | |
| Fund equity | 2,125,800 | 2,000 | 175,000 | $1,885,800 | 20,000 | 7,200 | 35,800 | | |
| Total Appropriations, Reserves, and Fund Equities | $ 8,206,800 | $ 8,000 | $190,000 | $1,885,800 | $ 720,000 | $167,200 | $85,800 | $150,000 | $5,000,000 |
| Total Liabilities, Appropriations, Reserves, and Fund Equities | $11,229,300 | $205,500 | $228,200 | $1,935,800 | $1,000,000 | $195,200 | $95,800 | $168,800 | $5,000,000 | $2,400,000 |

**Figure E-2.—Combined Statement of Revenues and Expenditures**

| REVENUE AND EXPENDITURE ACCOUNTS | Total | Funds (End of year) General fund | Special revenue fund | Debt service fund | Capital projects fund | Food service fund | Pupil activity fund | Trust and agency funds |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Taxations and appropriations | $2,561,000 | $1,521,000 | | $140,000 | | | $100,000 | $800,000 |
| Tuition from patrons | 10,000 | 10,000 | | | | | | |
| Transportation fees from patrons | 14,000 | 14,000 | | | | | | |
| Revenue from other units of government | 50,000 | | | | | | | 50,000 |
| Earnings on investments | 68,000 | 20,000 | | 14,000 | $ 24,000 | $ 1,000 | | 9,000 |
| Revenue from food sales | 246,000 | | | | | 246,000 | | |
| Revenue from pupil activities | 314,000 | | | | | | 314,000 | |
| Revenue from other local sources | 2,735,000 | 1,000,000 | $ 175,000 | 60,000 | 1,400,000 | | | 100,000 |
| Revenue from intermediate sources | 143,280 | 43,280 | | 100,000 | | | | |
| Revenue from State sources | 2,480,000 | 1,380,000 | 1,100,000 | | | | | |
| Revenue from Federal sources | 975,000 | 100,000 | 715,000 | | | 160,000 | | |
| Total Revenues | $9,596,280 | $4,088,280 | $1,990,000 | $314,000 | $1,424,000 | $407,000 | $414,000 | $959,000 |
| Expenditures | | | | | | | | |
| Elementary programs | $1,890,000 | $1,240,000 | $ 197,000 | | | $138,000 | $ 15,000 | $300,000 |
| Middle/Junior High programs | 1,740,000 | 1,070,000 | 188,000 | | | 110,000 | 97,000 | 275,000 |
| High School programs | 2,018,000 | 827,000 | 546,000 | | | 105,000 | 300,000 | 240,000 |
| Special education programs | 785,000 | 175,000 | 587,500 | | | 5,000 | 500 | 17,000 |
| Adult/continuing education program | 285,000 | 115,000 | 158,500 | | | 500 | | 11,000 |
| Administration | 122,000 | 107,000 | | | | | | 15,000 |
| Facilities acquisition and construction | 1,520,000 | | | $280,000 | $1,240,000 | | | |
| Transportation | 245,000 | 15,000 | 230,000 | | | | | |
| Community services | 178,000 | 175,000 | 3,000 | | | | | |
| Nonprogram charges | 214,000 | 214,000 | | | | | | |
| Total Expenditures | $8,997,000 | $3,938,000 | $1,910,000 | $280,000 | $1,240,000 | $358,500 | $412,500 | $858,000 |

Figure E-3.—Changes in Fund Balances for All Funds

| | Funds (End of year) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| BALANCES | Total | General fund | Special revenue fund | Debt service fund | Capital projects fund | Food service fund | Pupil activity fund | Trust and agency funds |
| Beginning of year . . | $453,250 | $300,000 | $28,000 | $ 5,000 | $ 46,000 | $ 1,100 | $ (850) | $ 75,000 |
| End of year . . . . . | 599,280 | 150,280 | 80,000 | 34,000 | 184,000 | 48,500 | 1,500 | 101,000 |
| Change . . . . . | $146,030 | $(149,720) | $52,000 | $29,000 | $138,000 | $47,400 | $2,350 | $ 26,000 |

**Figure E-4.–Changes in Financial Position for All Funds**

| | Funds (End of year) | |
|---|---|---|
| Resources Provided From | | |
| Revenue for year: | | |
| General fund | $4,088,280 | |
| Special revenue fund | 1,990,000 | |
| Debt service fund | 314,000 | |
| Capital projects fund | 1,424,000 | |
| Food service fund | 407,000 | |
| Pupil activity fund | 414,000 | |
| Trust and agency funds | 959,000 | $ 9,596,280 |
| Reducing assets during year: | | |
| Accounts receivable | $ 12,000 | |
| Notes receivable | 20,000 | |
| Taxes receivable, current (net) | 10,000 | |
| Interest receivable on taxes, delinquent | 100 | |
| Investments | 60,000 | |
| Amount available and to be provided for retention of bonds and interest | 200,000 | $ 302,100 |
| Increasing Liabilities, appropriations and reserves during the year: | | |
| Vouchers payable | $ 70,000 | |
| Matured bonds and interest payable | 137,200 | |
| Due to other units of government | 25,100 | |
| Interest payable in future years | 500,000 | |
| Appropriations | 300,000 | |
| Reserves for encumberances | 401,000 | $ 1,433,300 |
| Corrections of prior year: | | |
| Taxes receivable, delinquent | $ 39,000 | |
| Interest receivable on taxes, delinquent | 87,000 | |
| Inventories | 15,000 | $ 141,000 |
| Expenditures refunded from prior year: | | |
| Elementary programs | $ 10,000 | |
| Middle/Junior High programs | 39,000 | |
| Community services | 17,000 | $ 66,000 |
| Total Resources Provided | | $11,538,680 |
| Resources Applied to Operations: | | |
| General fund | $3,938,000 | |
| Special revenue fund | 1,910,000 | |
| Debt service fund | 280,000 | |
| Capital projects fund | 1,240,000 | |
| Food services fund | 358,500 | |
| Pupil activity fund | 412,500 | |
| Trust and agency funds | 858,000 | $ 8,997,000 |
| Increase assets during year: | | |
| Cash | $ 266,800 | |
| Loans receivable (net) | 20,000 | |
| Interest receivable on notes | 1,000 | |
| Taxes receivable delinquent (net) | 600 | |
| Due from other units of government | 532,300 | |
| Inventories | 3,700 | |
| Bonds authorized and unissued | 310,000 | $ 1,134,400 |

**Figure E-4.—Changes in Financial Position for All Funds—*Continued***

| | | |
|---|---|---|
| Decreasing liabilities during year: | | |
| Contracts payable | $ 333,000 | |
| Bonds payable | 652,000 | $ 985,000 |
| Corrections of prior year: | | |
| Interest expense | $ 2,200 | |
| Contracts payable | 73,080 | |
| Due to other units of government | 92,000 | $ 167,280 |
| Revenue rebates from prior year: | | |
| Revenue from taxes | $ 79,000 | |
| Revenue from State sources | 87,000 | |
| Revenue from Federal sources | 89,000 | $ 255,000 |
| Total Resources Applied | | $11,538,680 |

Figure E-5.—Comparative Combined Balance Sheets

| Balance sheet accounts | Beginning of year | End of year | Net changes | |
|---|---|---|---|---|
| | | | Debits | Credits |
| Assets and Resources | | | | |
| Cash | $ 68,700 | $ 335,500 | $266,800 | |
| Accounts receivable (net) | 30,000 | 18,000 | | $ 12,000 |
| Loans receivable (net) | 10,000 | 30,000 | 20,000 | |
| Notes receivable | 40,000 | 20,000 | | 20,000 |
| Interest receivable on notes | 2,200 | 3,200 | 1,000 | |
| Taxes receivable, current (net) | 250,000 | 140,000 | | 110,000 |
| Interest receivable on taxes delinquent | 1,400 | 1,400 | | |
| Taxes receivable delinquent (net) | 7,800 | 8,400 | 600 | |
| Interest receivable on taxes | 1,900 | 1,800 | | 100 |
| Due from other units of government | 100,000 | 632,300 | 532,300 | |
| Inventories | 14,000 | 17,700 | 3,700 | |
| Investments (including premiums and discounts) | 2,000,000 | 1,940,000 | | 60,000 |
| Bonds authorized and unissued | | 310,000 | 310,000 | |
| Amount available and to be provided for retirement of bonds and interest | 2,500,000 | 2,400,000 | | 100,000 |
| Land | 87,000 | 90,000 | 3,000 | |
| Buildings | 3,260,000 | 3,563,000 | 303,000 | |
| Improvements other than buildings | 95,000 | 98,000 | 3,000 | |
| Machinery and equipment | 1,800,000 | 1,630,000 | | 170,000 |
| Total Assets and Resources | $10,258,000 | $11,229,300 | | |
| Liabilities, Reserves and Fund Equity | | | | |
| Vouchers payable | $ 10,200 | $ 80,200 | | 70,000 |
| Matured bonds and interest payable | | 137,200 | | 137,200 |
| Contracts payable | 703,000 | 370,000 | 333,000 | |
| Due to other units of government | 10,000 | 35,100 | | 25,100 |
| Interest payable in future years | 300,000 | 800,000 | | 500,000 |
| Bonds payable | 2,252,000 | 1,600,000 | 652,000 | |
| Appropriations | | 300,000 | | 300,000 |
| Reserve for encumberances | 20,000 | 421,000 | | 401,000 |
| Investments in general fixed assets | 4,861,000 | 5,000,000 | | 139,000 |
| Principal on capital | 250,000 | 360,000 | | 110,000 |
| Fund equity | 1,851,800 | 2,125,800 | | 274,000 |
| Total Liabilities, Reserves, Fund Equity, Debits and Credits | $10,258,000 | $11,229,300 | $2,428,400 | $2,428,400 |

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